

1B.

CERTIFICATE OF SECRETARY AS TO
AMENDED AND RESTATED BOND RESOLUTION

The undersigned, HEREBY CERTIFIES that:

A. On July 17, 2003 the Tohopekaliga Water Authority (the "Authority") adopted Resolution No. 2003-005, as amended by Resolution No. 03-118 adopted on October 8, 2003, Resolution No. 06-015 adopted on September 13, 2006, Resolution No. 07-002 adopted on January 7, 2007 and Resolution 07-004 adopted on April 11, 2007 ("Resolution No. 2003-005").

B. Resolution No. 2003-005 was compiled, codified, amended and restated by Resolution No. 2010-008 adopted on May 26, 2010 (the "Original Resolution");

C. The Authority adopted Resolution No. 2016-003 on March 9, 2016 (the "Amended and Restated Master Resolution") which further compiled, codified, amended and restated the Original Resolution and which, in accordance with its terms and Section 6.05 of the Original Resolution, was to become effective upon the Authority obtaining the consent in writing of the Registered Owners (as defined in the Original Resolution) of fifty-one percent (51%) or more in principal amount of the Bonds (as defined in the Original Resolution) then Outstanding (as defined in the Original Resolution).


D. The Authority on the date hereof has issued its Utility System Revenue and Revenue Refunding Bonds, Series 2016 (the "Series 2016 Bonds") pursuant to Resolution No. 2016-001 adopted by the Authority on March 9, 2016 (the "Supplemental Resolution") for the purpose of providing funds (i) to finance the cost of the acquisition and construction of the additions, extensions and improvements to the Utility System (as defined in the Original Resolution) (ii) to refund \$38,510,000 of the Authority's outstanding Utility System Revenue Refunding Bond, Series 2012 (the "Refunded Series 2012 Bond"), (iii) to refund \$87,265,000 of the Authority's outstanding Utility System Revenue Refunding Bonds, Series 2011A (together with the Refunded Series 2012 Bond, the "Refunded Bonds") and (iv) paying the costs of issuance of the Series 2016 Bonds.

E. In accordance with the Supplemental Resolutions by acceptance of a Series 2016 Bond, the Registered Owner (as defined in the Original Resolution) thereof shall be deemed to have consented to the amendments in writing as set forth in Amended and Restated Master Resolution to the extent required by Section 6.05(A) of the Original Resolution.

F. Upon the issuance of the Series 2016 Bonds and the redemption and defeasance of the Refunded Bonds the Authority shall be deemed to have received the consent in writing of the Registered Owners (as defined in the Original Resolution) of more than fifty-one percent (51%) or more in principal amount of the Bonds (as defined in the Original Resolution) then Outstanding (as defined in the Original Resolution) and the Amended and Restated Master Resolution shall be effective as of the date hereof.

G. Attached hereto is a true, complete and correct copy of the Amended and Restated Master Resolution adopted by the Board on March 9, 2016, at which meeting a quorum was present and voting throughout, which Resolution has not been modified, amended, revoked or repealed in any respect since its date of adoption, and remains in full force and effect as of the date hereof.

Witness my hand this 13th day of April, 2016.



Tom E. White, as Secretary

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RESOLUTION NO. 2016- 003

A RESOLUTION COMPILING, CODIFYING, AMENDING AND RESTATING IN ITS ENTIRETY RESOLUTION NO. 2010-008 DULY ADOPTED BY THE TOHOPEKALIGA WATER AUTHORITY ON MAY 26, 2010, AS SUCH RESOLUTION HAS BEEN HERETOFORE COMPILED, CODIFIED, AMENDED AND RESTATED; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE TOHOPEKALIGA WATER AUTHORITY:

SECTION 1. AUTHORITY OF THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Chapter 2003-368, Laws of Florida (Tohopekaliga Water Authority Act), as amended, and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On July 17, 2003 the Tohopekaliga Water Authority (the "Authority") adopted Resolution No. 2003-005 (the "Original Resolution").

B. The Original Resolution was amended by Resolution No. 03-118 adopted on October 8, 2003, Resolution No. 06-015 adopted on September 13, 2006, Resolution No. 07-002 adopted on January 7, 2007 and Resolution 07-004 adopted on April 11, 2007.

C. The Original Resolution was compiled, codified, amended and restated by Resolution No. 2010-008 adopted on May 26, 2010 (the "Resolution").

C. The Authority now desires to further amend the Resolution.

D. Because of the number of amendments, for convenience of reference, the Authority deems it advisable to again compile, codify and restate the Resolution and all amendments thereof.

E. Pursuant to the provisions of Section 6.05 of the Resolution the Resolution as amended and restated hereby shall become effective upon the Authority obtaining the consent in writing of the Registered Owners of fifty-one percent (51%) or more in principal amount of the Bonds then Outstanding and until such time the Resolution shall remain in effect without such amendments.

F. All capitalized terms not otherwise defined herein shall have such meanings as given in the Resolution.

SECTION 3. RESTATED RESOLUTION. The Resolution is hereby amended and restated in its entirety to read as set forth on Exhibit "A" hereto, such amendments to become effective upon the Authority obtaining the consent in writing of the Registered Owners of fifty-one percent (51%) or more in principal amount of the Bonds then Outstanding. All exhibits to the Resolution remain unchanged.

SECTION 4. EFFECTIVE DATE. This Resolution shall become effective immediately upon the final approval hereof.

AND ADOPTED this 9th day of March, 2016.

BOARD OF SUPERVISORS OF THE
TOHOPEKALIGA WATER AUTHORITY

Bruce Van Meter, Chairman

ATTN: [REDACTED]

Tom [REDACTED] Secretary

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is only for convenience of reference.)

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MASTER UTILITY SYSTEM REVENUE BONDS RESOLUTION

TOHOPEKALIGA WATER AUTHORITY

RESOLUTION NO. 2010-008

EXHIBIT "A"

RESOLUTION NO. 2010-008

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE TOHOPEKALIGA WATER AUTHORITY, PROVIDING FOR THE ISSUANCE OF UTILITY SYSTEM REFUNDING AND/OR REVENUE BONDS OF THE AUTHORITY FROM TIME TO TIME TO FINANCE AND/OR REFINANCE CAPITAL PROJECTS, INCLUDING THE ACQUISITION OF UTILITY ASSETS; PROVIDING FOR THE PAYMENT THEREOF; PROVIDING FOR THE RIGHTS, SECURITY, AND REMEDIES OF THE REGISTERED OWNERS OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE TOHOPEKALIGA WATER AUTHORITY:

ARTICLE I
STATUTORY AUTHORITY, DEFINITIONS, AND FINDINGS;
MASTER RESOLUTION IS CONTRACT

SECTION 1.01. AUTHORITY FOR THIS MASTER RESOLUTION. This Master Resolution is adopted pursuant to the provisions of Chapter 2003-368, Laws of Florida (Tohopekaliga Water Authority Act), as amended, and other applicable provisions of law.

SECTION 1.02. DEFINITIONS. Capitalized terms used in this Master Resolution shall have the following meanings, unless the context clearly requires otherwise. Words importing singular number shall include the plural number in each case and vice versa, and words of one gender shall be deemed to include any other gender. In this Master Resolution:

"Accounting Principles" means generally accepted accounting principles and practices applicable to governmental entities, including those applicable to governmentally owned and operated utility systems such as the Utility System.

"Accreted Value" means, with respect to any Capital Appreciation Bonds, the amounts representing principal and interest on such Capital Appreciation Bonds from time to time at and prior to the maturity thereof in accordance with a schedule delivered at the original issuance of such Series of Bonds.

"Act" means Chapter 2003-368, Laws of Florida (Tohopekaliga Water Authority Act), as amended, and other applicable provisions of law.

"Additional Facilities" means the real and/or personal, tangible and/or intangible, property and/or property rights acquired by the Authority pursuant to a Subsequent Transfer Interlocal Agreement.

"Additional Parity Bonds" means any obligations issued pursuant to the terms and conditions of this Master Resolution subsequent to the issuance of the Initial Bonds and payable

from the Pledged Revenues on a parity with the Initial Bonds, including, without limitation, Commercial Paper Obligations and Designated Maturity Bonds.

"Additional Transfer Amount" means any amounts payable by the Authority pursuant to the terms of any Subsequent Transfer Interlocal Agreement.

"Amortization Installment" means, with respect to each maturity of Term Bonds of any Series of Bonds, the principal amounts (or Accreted Value) of such Term Bonds to be retired in consecutive years by mandatory redemption from the applicable Bond Amortization Account within the Sinking Fund or, in the year in which such Term Bonds are stated to mature, through payment at maturity.

"Assessments" shall mean the proceeds to be derived by the Authority from special assessments, including special assessments also referred to as non-ad valorem assessments, which shall be levied or imposed by the Authority, against some or all of the parcels of real property to be specially benefited by the services and facilities of the Utility System or by any portion thereof. "Assessments" shall include interest on such special assessments and any penalties thereon and moneys received upon the foreclosure of the liens thereof and, by reason of such special assessments, upon the sale of tax certificates. The Authority shall have the right to levy and collect special assessments upon some or all of the parcels of real property specially benefited by the Utility System or by any portion thereof without such assessments being considered Assessments, as herein defined, provided that such assessments are pledged to secure other special assessment obligations of the Authority.

"Assumed Interest Rate" means, in the case of (a) Outstanding Variable Rate Bonds that are not Taxable Bonds, as of any date, interest at a rate equal to the "30-Year Revenue Bond Index" published in The Bond Buyer, or, if such index is no longer published, any comparable index commonly used in the municipal bond industry as of such date, as determined by an investment banking or financial advisory firm selected by the Authority, assuming the same maturity date, terms and provisions (other than interest rate) for such Variable Rate Bonds, and (b) Outstanding Variable Rate Bonds that are Taxable Bonds, as of any date, the interest rate on the date of calculation on U.S. Treasury obligations with comparable maturities, plus one-half of one percent (0.50%).

"Assumed Swap Interest Rate" means, in the case of a Qualified Fixed Receiver Swap, as of any date, interest at a rate equal to the "SIFMA Municipal Swap Index" or, if such index is no longer published, any comparable index commonly used in the municipal derivatives industry as of such date, as determined by an investment banking or financial or swap advisory firm selected by the Authority, assuming the same maturity date, terms and provisions (other than interest rate) for such Qualified Fixed Receiver Swap.

"Authority" means the Tohopekaliga Water Authority, an independent special district established and created pursuant to Chapter 189, Florida Statutes, by the Act.

"Authority Attorney" means the attorney or firm of attorneys serving as general counsel to the Authority.

"Authorized Investments" means any obligations, deposit certificates, or other evidences of indebtedness legal for investment of Authority funds to the extent not inconsistent with the terms of any Credit Facility or with the formal investment policy of the Authority.

"Birchwood Guaranty Payments" means amounts payable to the Authority under the provisions of the 'Guaranty Agreement by Birchwood Acres Limited Partnership LLLP for the benefit of the City of Kissimmee, Florida, Tohopekaliga Water Authority, and Osceola County, Florida, executed as of April 28, 2003, as amended and supplemented, or any special assessments levied in lieu thereof.

"Board" means the Board of Supervisors, as governing body of the Authority.

"Bond Counsel" means a firm of attorneys which is nationally recognized as being experienced in matters relating to the validity of, and the state and federal income tax treatment of interest on, obligations of states and their political subdivisions and whose opinions are generally accepted by purchasers of municipal bonds, as selected by the Authority.

"Bond Registrar" means the Person or corporation designated by the Authority to maintain the registration books required to be maintained hereunder and to serve as paying agent for purposes of making payments of principal of and interest on the Bonds to the Registered Owners.

"Bond Year" means each Fiscal Year during which Bonds are Outstanding or any other annual period designated by the Authority.

"Bonds" means the Initial Bonds and any Additional Parity Bonds.

"Capital Appreciation Bonds" means Bonds, the interest on which (1) shall be compounded periodically, (2) shall be payable only at maturity or redemption prior to maturity, and (3) shall be determined by reference to the Table of Accreted Values.

"Chair" means the Chair or Vice-Chair of the Authority.

"City" means the City of Kissimmee, Florida, a municipal corporation.

"Code" means the Internal Revenue Code of 1986, as amended, together with the valid and applicable regulations and proposed and temporary regulations thereunder, and, if applicable, under the Internal Revenue Code of 1954, as amended, as the same may be in effect or amended, and any successor provisions thereto, from time to time.

"Commercial Paper Obligations" means all of the Bonds (which may be designated as notes or other obligations) of a Series or a proportionate maturity thereof with a maturity of less

than 271 days so designated by the Authority by a supplemental ordinance or resolution prior to the issuance thereof.

"Consulting Engineers" means such independent, qualified, and recognized consulting engineers, having a favorable reputation for skill and experience in the planning, construction, operation and financial feasibility of facilities similar to that of the Utility System, at the time retained or employed by the Authority to perform the acts and carry out the duties as herein provided for such Consulting Engineers.

"County" means Osceola County, a political subdivision of the State.

"Credit Facility" or "Credit Enhancement" means any policy of municipal bond insurance, irrevocable letter of credit, surety bond, or other insurance or financial product which guarantees timely payment of all or any portion of the principal of, premium, if any, and interest on all or any portion of a Series of Bonds.

"Credit Facility Issuer" or "Credit Provider" means each insurance company, bank, or other organization which has provided a Credit Facility or Credit Enhancement in connection with any Series of Bonds or any particular Bonds within a Series.

"Current Interest Paying Bonds" means Bonds, the interest on which shall be payable on a periodic basis.

"Debt Service" means, for any period or at any time, the principal of, premium, if any, and interest on the Bonds for that period or at that time, whether due at maturity or redemption or otherwise.

"Debt Service Requirement" means, for any Bond Year or Fiscal Year, as the case may be, as applied to the Bonds of any Series, the sum of:

(1) the amount required to pay the interest becoming due on the Current Interest Paying Bonds during such Bond Year or Fiscal Year, as the case may be; provided that the interest due on the Variable Rate Bonds for any period which is not determinable at the date of calculation shall be the fixed rate per annum equal to the greater of (a) the Assumed Interest Rate or (b) the highest interest rate borne by such Variable Rate Bonds during the twelve (12) months ending with the month preceding the date of calculation, or if no Variable Rate Bonds are Outstanding at such time, by variable rate debt for which the interest rate is computed by reference to an index determined in the Authority's reasonable judgment to be comparable to that to be utilized in determining the interest rate for the Variable Rate Bonds then to be issued; further provided, that the interest rate on Variable Rate Bonds with respect to which the Authority has entered into a Qualified Fixed Payor Swap shall, during the period in which the Qualified Fixed Payor Swap is in effect, be deemed to be the fixed rate payable by the Authority under the terms of such Qualified Fixed Payor Swap.

(2) the aggregate amount required to pay the principal becoming due on Current Interest Paying Bonds for such Bond Year or Fiscal Year, as the case may be; provided that, for purposes of this definition the stated maturity date of any Current Interest Paying Term Bonds shall be disregarded and the Amortization Installments applicable to such Current Interest Paying Term Bonds in such Bond Year shall be deemed to mature in such Bond Year or Fiscal Year, as the case may be; and

(3) the aggregate amount required to pay the Maturity Amounts due on any Capital Appreciation Bonds maturing in such Bond Year or Fiscal Year, as the case may be; provided that for purposes of this definition, the stated maturity date of any Capital Appreciation Term Bonds shall be disregarded and the Amortization Installments applicable to such Capital Appreciation Term Bonds in such Bond Year shall be deemed to mature in such Bond Year or Fiscal Year, as the case may be; and

(4) to the extent not included in the amount determined under the provisions of paragraph (1) above, the amount of any Excess Periodic Payments owing by the Authority (or reasonably expected by the Authority to be owing) under any Qualified Swap during such Bond Year or Fiscal Year, as the case may be; for purposes of this paragraph (4) the rate payable by the Authority on Qualified Fixed Receiver Swaps shall be deemed to be the fixed rate per annum equal to the greater of (a) the Assumed Swap Interest Rate or (b) the highest interest rate borne by any such Qualified Fixed Receiver Swap during the twelve (12) months ending with the month preceding the date of calculation, or if no Qualified Fixed Receiver Swap is in effect at such time, by reference to the index to be utilized in determining the interest rate for the Qualified Fixed Receiver Swap then to be entered into.

In calculating the Debt Service Requirement for any period for any Series of Bonds, the Authority shall deduct from the amounts calculated in subparagraphs (1) through (3) above: (a) any accrued or capitalized interest deposited into the applicable accounts of the Sinking Fund for such period from the proceeds of the sale of such Bonds or otherwise and (b) any Investment Earnings (i) received on moneys on deposit in or transferred to the Sinking Fund and accounts established therein with respect to such Series and (ii) required by the terms of this Master Resolution to be retained in such Sinking Fund.

If Bonds are subject to purchase by the Authority at the option of the Bondholder and a Liquidity Facility is available with respect thereto to provide for the purchase of such Bonds at the time calculation of interest rates is to be made, the optional "put" date or dates shall be ignored and the stated maturity dates of such Bonds shall be used for the purposes of this calculation.

For purposes of calculating the Debt Service Requirement with respect to Designated Maturity Bonds, the unamortized principal coming due on the final maturity date thereof that the Authority reasonably anticipates refinancing, as reflected in the annual budget of the Authority and/or a certificate of the Executive Director, shall not be included, and in lieu thereof there shall be included in the Debt Service Requirement for the Bond Year in which such

final maturity occurs and other Bond Years only the principal amount thereof the Authority certifies that it reasonably anticipates to become due in each such Bond Year, taking into account any such anticipated refinancing of such Designated Maturity Bonds.

For purposes of calculating the Debt Service Requirement with respect to Commercial Paper Obligations, only the interest component of such Commercial Paper Obligations and the principal component of the Commercial Paper Obligations that the Authority reasonably expects to retire and not to pay with the proceeds of roll-over Commercial Paper Obligations in such Bond Year (as reflected in the annual budget of the System and/or a certificate of the Executive Director) shall be included in the calculation of the Debt Service Requirement. The interest rate on the Commercial Paper Obligations shall be computed in the same manner as the computation of interest on Variable Rate Bonds as described above.

"Defeasance Obligations" means (i) direct obligations of, or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America or (ii) any certificates or other evidences of ownership interest in obligations of the character described in clause (i) above or in specified portions thereof, including, with limitation, portions consisting solely of the principal thereof or solely on the interest thereon, or (iii) obligations of any state of the United States or any political subdivision thereof or of any corporation organized under laws of the United States, any state of the United States or the District of Columbia the interest on which is excluded from gross income for federal income tax purposes and the full and timely payment of the principal of any premium and the interest on which is unconditionally payable from obligations of the character described in (i) and (ii) above.

"Designated Maturity Bonds" means all of the Bonds of a Series or a particular maturity thereof, with a maturity longer than 270 days and less than or equal to 20 years, so designated by the Authority by a supplemental ordinance or resolution prior to the issuance thereof, for which no mandatory debt service redemption requirements have been established.

"Disclosure Counsel" means a firm of attorneys which is nationally-recognized as being experienced in matters relating to compliance with the applicable rules and regulations, both federal and state, regarding disclosure of material information regarding the Authority and its affairs in connection with and subsequent to the issuance of any Bonds.

"Excess Periodic Payments" means the difference in (a) the amount of Periodic Payments received by the Authority a Swap Counterparty or Swap Counterparties under all or any specified Qualified Swap or Interest Rate Swap, as the case may be, from (b) the amount of Periodic Payments payable by the Authority to a Swap Counterparty or Swap Counterparties under all or any specified Qualified Swap or Interest Rate Swap, as the case may be.

"Executive Director" means the chief administrative officer of the Authority.

"Expansion Facilities" means additions, extensions and improvements to the Utility System, together with all lands or interests therein, including plants, buildings, machinery, pipes, mains, fixtures, equipment, franchises, rights to water or wastewater service and all property, real or personal, tangible or intangible, heretofore or hereafter constructed or acquired in order to meet the increased demand upon the Utility System, whether actual or anticipated, created by new users connecting to the Utility System, and shall expressly include that portion of a Project attributable to unused capacity as so described upon the original acquisition of any Facilities of the Utility System in any Project Certificate relating thereto.

"Expansion Percentage" means, with respect to any Series of Bonds, the fraction equal to the portion of the aggregate Debt Service Requirements for such Series that is attributable to Expansion Facilities, if any, as shall be determined by the Independent Consultant or as set forth in a Project Certificate relating to such Series.

"Facilities" means all of the physical assets of the Utility System, and all parts thereof, existing as of the Initial Project, and also any physical assets which may thereafter be added to the Utility System, or any part thereof, by any additions, replacements, betterments, extensions and/or improvements thereto, and property of any kind or nature, real or personal, tangible or intangible, hereafter constructed or acquired in connection with the Utility System.

"Facility Sub-area" means a portion of the Service Area within which the Authority is authorized to provide water service, wastewater service, or reclaimed water service and which is designated by the Authority as such for purposes of setting rates, fees and charges or for any other purposes.

"Federal Securities" means direct noncallable obligations of the United States of America or obligations, the timely payment when due of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

"Fiscal Year" means the period commencing on October 1 of each calendar year and ending on the succeeding September 30, or such other period as may be prescribed from time to time as the Fiscal Year for the Authority.

"General Fund" means the fund or account created by the Authority and into which the Authority deposits the General Fund Surcharge.

"General Fund Surcharge" means the surcharge provided for in Section 12(9) of the Act.

"Governmental Transfer" means the amounts payable to the City and the County in accordance with the Transfer Agreement.

"Gross Revenues" means all fees, rentals or other charges or other income received by the Authority in connection with the Utility System, or accruing to the Authority or to any other board or agency of the Authority in control of the management and operation of the Utility System, including Investment Earnings on moneys in all funds and accounts herein created or

authorized (except the Project Fund, the General Fund, and any rebate fund or account), to the extent that such Investment Earnings are required to be deposited into the Revenue Fund herein created, and including Guaranty Payments, all as calculated in accordance with Accounting Principles. Gross Revenues include moneys transferred from the Rate Stabilization Fund and deposited into the Revenue Fund in the Fiscal Year in which the deposit into the Revenue Fund occurs. Gross Revenues exclude (i) System Development Charges and Investment Earnings on moneys on deposit in the System Development Charges Fund, (ii) the General Fund Surcharge and Investment Earnings on moneys on deposit in the General Fund, (iii) amounts deposited into the Rate Stabilization Fund in the Fiscal Year in which the deposit into the Rate Stabilization Fund occurs, and (iv) Assessments, unless such special assessments are hereafter specifically pledged by the Authority to secure Bonds hereunder.

"Guaranty Payments" means Birchwood Guaranty Payments or other similar payments.

"Independent Certified Public Accountants" means such firm of certified public accountants, as shall be retained by the Authority for the purpose of auditing the books and records relating to the Pledged Revenues and performing such other functions as are specified in this Master Resolution.

"Independent Consultants" means such firm or firms, (1) consisting of or employing, registered professional engineers, architects, rate consultants, or other professionals, (2) having a favorable reputation for the design, maintenance and operation of facilities such as the Utility System and (3) engaged by the Authority to perform the tasks set forth to be performed by such Independent Consultant by the provisions of this Master Resolution, and shall include, where applicable, the Consulting Engineers.

"Initial Bonds" means the Authority's Utility System Revenue Bonds, Series 2003A as the first series of Bonds issued hereunder.

"Initial Facilities" means the real and personal, tangible and intangible, property and property rights to be acquired by the Authority from the City and the County pursuant to the Transfer Agreement and financed with the Initial Bonds.

"Initial Project" means (a) the acquisition by the Authority of the Initial Facilities and establishment of the Initial Facilities as a utility system within the Service Area and (b) the acquisition and construction of additions, extensions and improvements thereto, and all purposes incidental thereto, as provided for and as described in the resolutions authorizing the Initial Bonds.

"Interest Payment Date" means with respect to any Series of Bonds or any Interest Rate Swap, the semiannual or other periodic dates on which (a) interest is payable on the Current Interest Payment Bonds or (b) Periodic Payments are due on an Interest Rate Swap, as the case may be, determined with reference to the proceedings authorizing such Series of Bonds or such Interest Rate Swap.

"Interest Rate Swap" means any form of contract authorized to be entered into by the Authority pursuant to (a) the provisions of Resolution No. 06-021, adopted by the Authority on December 13, 2006, as amended from time to time, and (b) such swap policy as shall be in effect for the Authority from time to time. The term Interest Rate Swap shall be deemed to include a Qualified Swap unless the context clearly indicates otherwise.

"Investment Earnings" means the interest received on, or the gain or loss from the purchase and sale of, the Authorized Investments held in the funds and accounts established hereunder, except to the extent such amounts are required to be rebated to the United States of America.

"Liquidity Facility" shall mean any letter of credit, line of credit, standby purchase agreement or other instrument then in effect which provides for the payment of the purchase price of a Series of Bonds upon the tender thereof in the event remarketing proceeds are insufficient therefor.

"Liquidity Provider" shall mean any bank, insurance company, pension fund or other financial institution which provides a Liquidity Facility or Alternate Liquidity Facility for any Series of Bonds.

"Loan Agreement" means that certain Wastewater Treatment Revolving Loan Fund Agreement, executed and delivered June 26, 1992, by and between the State of Florida Department of Environmental Regulation and the City, as amended, supplemented or additional loan agreements hereafter entered into with the State of Florida Department of Environmental Regulation or successor thereto.

"Master Resolution" means this resolution, as amended, supplemented and restated from time to time.

"Maturity Amount" means, with respect to any Capital Appreciation Bond, the Accreted Value at the maturity thereof.

"Maximum Debt Service Requirement" means, as of any particular date of calculation, the Debt Service Requirement for the then current or any future Bond Year or Fiscal Year, as the case may be, which is greatest in dollar amount with respect to the particular Series of Bonds, or all Bonds, or Subordinate Debt, as the case may be.

"Net Revenues" means the Gross Revenues remaining after deducting only Operating Expenses.

"Operating Expenses" means the current expenses, paid or accrued, of operation, maintenance and repair of the Utility System and its Facilities, as calculated in accordance with generally accepted accounting principles for governmental entities, consistently applied and shall include, without limiting the generality of the foregoing, (i) all costs (including administrative expenses) relating to the System and Facilities,

the purchase of water, and the purchase of water or wastewater collection, distribution or treatment services (in each case to the extent the same may be treated as an operating cost under generally accepted accounting principles), (ii) insurance premiums, (iii) charges for the accumulation of appropriate reserves not annually recurrent but which are such as may reasonably be expected to be incurred in accordance with Accounting Principles, (iv) the cost of product and services purchased by the Authority for resale to customers of the Utility System in lieu of the production of such product and services by the Authority directly, and (v) administrative charges imposed by the Authority for services rendered to the Utility System. "Operating Expenses" shall not include any allowance for depreciation, amortization or other similar non-cash expenses except to the extent expressly herein provided. In determining Operating Expenses, there shall not be taken into account: (a) any gain or loss resulting from either the extinguishment or refinancing of any Series of Bonds or other long-term indebtedness; (b) loss from the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (c) any capital expenditures for renewal, replacement, expansion or acquisition of capital assets (including any deposits or reserves therefor), and (d) costs of issuance of Bonds paid with proceeds of such Bonds. Operating Expenses shall include, among other items, payments required to be made to any entity, under wastewater capacity or water purchase agreements, including, without limitation, take and pay or take or pay water purchase agreements or similar water purchase arrangements and related price hedging agreements.

"Outstanding" means as applied to Bonds, as of any applicable time, all Bonds which have been authenticated and delivered, or which are being delivered, under this Master Resolution, except:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds, or portions thereof, which are considered no longer Outstanding pursuant to Section 6.04 hereof; or

(c) Bonds, or portions thereof, which are deemed paid upon the redemption or maturity thereof for which moneys sufficient to pay the Maturity Amount or Redemption Price thereof have been deposited into the appropriate accounts of the Sinking Fund by the Authority or in lieu of which other Bonds have been issued under Section 2.06 or 2.07 hereof.

For purposes of voting, giving directions and granting consents, Bonds held by the Authority or by an agent of the Authority shall not be deemed Outstanding.

"Paying Agent" means, with respect to any Series, the Person who is serving as Bond Registrar for such Series, unless otherwise provided by resolution of the Board.

"Periodic Payments" means any payments which the Authority is obligated to make or entitled to receive under an Interest Rate Swap or a Qualified Swap, as the case may be, on Interest Payment Dates or other periodic payments dates.

"Person" or words importing persons, means firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"Pledged Revenues" means the sum of (a) the Net Revenues, (b) the System Development Charges (not to exceed the System Development Charges Debt Service Component) and (c) the moneys on deposit in the funds and accounts created hereunder (other than the General Fund or any rebate fund or account).

"Principal Maturity Date" means, with respect to any series of Bonds, the annual or other periodic date on which (i) principal matures on the Current Interest Paying Bonds and (ii) Maturity Amounts are payable on Capital Appreciation Bonds, as determined by subsequent resolution of the Board adopted at or prior to the issuance of Bonds, and in each case including applicable dates on which Amortization Installments are required to be applied to retire Term Bonds.

"Project" means the acquisition and construction of any Facilities and any capital expenditures with respect to the Utility System, and specifically includes, without limitation, the Initial Project and any "Project" as defined in Section 3(7) of the Act.

"Project Certificate" means a certificate of the Independent Consultant filed with the Authority with respect to any Series of Bonds and setting forth (1) the estimated total cost of the Project to be constructed with the proceeds of such Bonds, (2) the estimated cost of the Expansion Facilities portion of the Project, (3) the Expansion Percentage and (4) the System Development Charges Debt Service Component, as appropriate.

"Project Costs" means, but shall not necessarily be limited to: the cost of the construction and acquisition of additions, extensions, and improvements to the Utility System; the acquisition of any lands or interests therein or any other properties deemed necessary or convenient therefor; engineering, accounting, and legal fees and expenses; expenses for plans, specifications and surveys; expenses for estimates of costs and of revenues; the fees of fiscal agents, financial advisors and consultants; administrative expenses; the capitalization of interest on the Bonds authorized hereby for a reasonable period of time after the date of issuance and delivery thereof; the establishment of reasonable reserves for the payment of Debt Service on the Bonds; discount upon the sale of the Bonds; the expenses and costs of issuance of the Bonds; the cost of purchasing any Credit Facility or Reserve Account Credit Facility with respect to the Bonds; such other expenses as may be necessary or incidental to any financing authorized pursuant to this Master Resolution, to any Project, and to the placing of the same in operation; and reimbursement to the Authority for any sums expended for the foregoing purposes, including, in particular, any costs, fees or expenses incurred, or any deposit required, in

connection with any action of eminent domain for purposes of acquiring the Project. In connection with any particular Series of Bonds, Project Costs shall mean those of the foregoing costs which are to be paid or financed by proceeds of such Series. Additionally, the term shall include the definition of "Cost" in Section 3(3) of the Act.

"Project Fund" means any fund authorized, created and established by the Authority pursuant to this Master Resolution for the payment of Project Costs.

"Purchase Contract" means the agreement between the Authority and an underwriter for the sale and purchase of a Series or installment of Bonds.

"Qualified Fixed Payor Swap" means, to the extent from time to time permitted pursuant to law, with respect to Bonds, any financial arrangement (i) that is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides either (A) that the Authority shall pay, but only upon receipt by the Authority of any payment then due to the Authority from such entity, to such entity an amount based on the interest accrued on an amount equal either to the principal amount of such Bonds or a notional principal amount relating to all or a portion of the principal amount of such Bonds at a fixed rate of interest set forth in such arrangement and that such entity shall pay to the Authority an amount based on the interest accruing at a variable rate (which need not be the same as the actual rate of interest borne by such Bonds) on such actual or notional principal amount or (B) that one shall pay to the other any net amount due under such arrangement or such other similar arrangement; and (iii) which has been designated in writing by the Authority as a Qualified Fixed Payor Swap with respect to such Bonds.

"Qualified Fixed Receiver Swap" means, to the extent from time to time permitted by law, with respect to Bonds, any financial arrangement (i) that is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which provides either (A) that the Authority shall pay, but only upon receipt by the Authority of any payment then due to the Authority from such entity, to such entity an amount based on the interest accrued on an amount equal either to the principal amount of such Bonds or a notional principal amount relating to all or a portion of the principal amount of such Bonds at a variable rate of interest computed according to a formula set forth in such arrangement and that such entity shall pay to the Authority an amount based on the interest accruing at a fixed rate (which need not be the same as the actual rate of interest borne by such Bonds) on such actual or notional principal amount or (B) that one shall pay to the other any net amount due under such arrangement or such other similar arrangement, and (iii) which has been designated in writing by the Authority as a Qualified Fixed Receiver Swap with respect to such Bonds.

"Qualified Swap" means either a Qualified Fixed Payor Swap or a Qualified Fixed Receiver Swap.

"Qualified Swap Provider" means any person with whom the Authority has entered into a Qualified Fixed Payor Swap or a Qualified Fixed Receiver Swap.

"Rating Agency" means Fitch Investors Service, Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's"), or Standard and Poor's Corporation ("S&P") or any thereof, and their successors, if any is then maintaining a rating on any Series of Bonds.

"Reclaimed Water System" means all the facilities used or useful in the production and supply of non-potable water that are not otherwise part of the Water System or the Wastewater System.

"Record Date" means, for any Series, the fifteenth day of the month (whether or not a business day) prior to an Interest Payment Date for such Bonds, or such other date as may be specified by subsequent resolution of the Board.

"Redemption Date" means, for any Series, the date specified in a resolution of the Board on which any Bonds are to be redeemed prior to the maturity thereof, whether at the option of the Authority or by operation of the applicable Bond Amortization Account in the Sinking Fund.

"Refunding" means any program for refinancing or refinancing Bonds prior to the maturity thereof.

"Refunding Costs" means, but shall not necessarily be limited to: the cost of payment of the principal of, premium, if specified, and interest on any Bonds; expenses for estimates of costs and of revenues; the fees of fiscal agents, financial advisors and consultants; administrative expenses; the capitalization of interest on the Bonds for a reasonable period of time after the date of issuance and delivery thereof; the establishment of reasonable reserves for the payment of Debt Service on the Bonds; discount upon the sale of Bonds; the expenses and costs of issuance of Bonds; the cost of purchasing any Credit Facility or Reserve Account Credit Facility with respect to Bonds; such other expenses as may be necessary or incidental to any Project financing, to any Refunding, and to the accomplishing thereof and reimbursement to the Authority for any sums expended for the foregoing purposes.

"Registered Owner" or "Owner" means any Person who shall be the owner of any Outstanding Bond or Bonds as shown on the registration books maintained by the Bond Registrar.

"Reimbursement Agreement" shall mean any reimbursement agreement, credit agreement, line of credit agreement, standby purchase agreement or other agreement, by and between the Credit Provider or Liquidity Provider, as applicable, and the Authority, and relating to Credit Enhancement or a Liquidity Facility, as applicable.

"Renewal and Replacement Fund Requirement" means (A) initially \$3,000,000, which amount shall be increased at the beginning of each Fiscal Year by the annual change in the Engineering News Record Construction Cost Index (ENRCCI), or if such index is no longer available by such other index reasonably determined by the Authority, as in effect on the last day of April of the prior Fiscal Year, or such other greater or lesser reserve requirement as shall

be recommended by a Consulting Engineer, but in any event, not less than \$3,000,000, plus (B) such amount as shall be certified by a Consulting Engineer as necessary and desirable to provide funds to pay renewal and replacement costs of the Utility System determined on the basis of (1) the five-year rolling average of (a) the depreciated capital asset amount less land and construction in progress of the Utility System divided by (b) the weighted average useful life of such assets or (2) such other basis as shall be certified by a Consulting Engineer as a prudent amount for a municipal water and wastewater utility system.

"Reserve Account Credit Facility" means a policy of insurance, an irrevocable letter of credit, surety bond or other insurance or financial product which provides for payment of amounts equal to all or a portion of the Reserve Account Requirement in the event of an insufficiency of moneys in the Sinking Fund to pay principal of and interest on any Series or installment of the Bonds, and which meets the criteria set forth in Section 3.03(F)(5) hereof.

"Reserve Account Credit Facility Costs" means the amounts the Authority is required to pay a Credit Facility Issuer as a result of a draw thereunder or otherwise pursuant to such Reserve Account Credit Facility or any related agreement.

"Reserve Account Credit Facility Coverage" means the amount then available to be paid to the Paying Agent under the terms of the Reserve Account Credit Facility at any particular time.

"Reserve Account Requirement" means the lesser of (i) the Maximum Debt Service Requirement calculated based on Bonds designated to be secured thereby, (ii) 125% of the average annual Debt Service Requirement calculated based on the Bonds designated to be secured thereby, or (iii) 10% of the aggregate stated original principal amount (within the meaning of the Code) of the Bonds designated to be secured thereby; provided that for any particular Series secured by a separate subaccount or subaccounts within the Reserve Account, the "Reserve Account Requirement" for such Series shall be the amount set forth in the Series Resolution for such Series.

"Reserve Account Value" means the aggregate of the Reserve Account Credit Facility Coverage and the value of moneys and Authorized Investments credited to the Reserve Account. The values of such Authorized Investments are to be calculated as provided in Section 3.03(F)(5) hereof.

"Rule" means Rule 15c2-12 promulgated by the Securities and Exchange Commission.

"Secretary" means the person in charge of maintaining the official records of the Authority.

"Serial Bonds" means any Current Interest Paying or Capital Appreciation Bonds for the payment of the principal of which, at the maturity thereof, no fixed mandatory sinking fund or bond redemption deposits are required to be made prior to the 12-month period immediately preceding the stated date of maturity of such Serial Bonds.

"Series" means series of Bonds.

"Series 2003 Bonds" means, collectively, the Authority's Utility System Revenue Bonds, Series 2003A and Utility System Revenue Bonds, Series 2003B.

"Series Resolution" means the resolution or resolutions of the Board supplemental to this Master Resolution and authorizing the issuance of a series. The Series Resolution shall be deemed to include the Supplemental Resolution for such Series.

"Service Area" means the geographical area served by the Utility System or within which the Authority is authorized to provide its services and facilities pursuant to the Act.

"State" means the State of Florida.

"Subordinate Debt" means any obligations issued by the Authority and payable from the Pledged Revenues, subject and subordinate to the rights of the Registered Owners of any Bonds issued pursuant to this Master Resolution as to security for payment from such Pledged Revenues and in all other respects, in accordance with the provisions of this Master Resolution including, specifically, (i) Termination Payments under any Interest Rate Swap and (ii) the obligation of the Authority under the Loan Agreement.

"Subsequent Transfer Interlocal Agreement" means any interlocal agreement between the Authority and any other general purpose local governmental entity pursuant to which the Authority acquires Additional Facilities.

"Supplemental Resolution" means the resolution of the Board setting forth the fiscal and other details of a Series.

"Swap Counterparty" means any party with whom the Authority has entered into an Interest Rate Swap.

"System Development Charges" means any fees or charges which are related to acquiring, constructing, equipping or expanding capacity and Facilities of the Utility System, including, but not limited to, excess capacity calculated as of the date of issuance of any Bonds, and which are levied or collected by the Authority on or from any governmental body, utility company, real estate developer, or other Person, for the purpose of reserving capacity in the Utility System, connecting to the Utility System, or paying or reimbursing any capital cost relating to such acquisition, construction, expansion or equipping of excess and unused capacity of the Utility System or any expansion thereof, including any investment earnings on moneys on deposit in the System Development Charges Fund created herein, but excluding: (1) amounts received from the sale of water; (2) amounts received for the treatment, acceptance or disposal of wastewater; (3) meter installation fees; and (4) other revenues constituting operating revenues (as any of the foregoing items are more particularly described by the Authority with respect to the Utility System); in each case to the extent the same are lawfully available for the

acquisition and construction of Expansion Facilities and for the payment of System Development Charges Debt Service Components.

"System Development Charges Debt Service Component" means, as of any particular date of calculation, for any Series of Bonds, the dollar amount of System Development Charges determined by (1) multiplying the aggregate Debt Service Requirements for such Series by the applicable Expansion Percentage, and (2) subtracting from the product so obtained all amounts previously transferred from the System Development Charges Fund to the applicable Sinking Fund for such Series, including the Bond Amortization Accounts therein, pursuant to the provisions of Section 3.03 hereof.

"Table of Accreted Values" means the table showing the Accreted Value of Capital Appreciation Bonds at (i) original issuance, (ii) each Interest Payment Date, and (iii) at maturity, as approved by the Authority prior to the issuance of any Capital Appreciation Bonds.

"Taxable Bonds" means Bonds the interest on which is not intended at the time of the issuance thereof to be excluded from the gross income of the holders thereof for federal tax purposes.

"Term Bonds" means the Current Interest Paying or Capital Appreciation Bonds of a Series, all of which shall be stated to mature on one date and which shall be subject to retirement by operation of the applicable Bond Amortization Account in the Sinking Fund herein established.

"Termination Payments" means any payments which the Authority is obligated to make under a Qualified Swap other than Periodic Payments.

"Transfer Agreement" means the interlocal agreement dated as of July 1, 2003, by and among the Authority, the County, and the City, pursuant to which the Authority will acquire the Initial Facilities from the City.

"Transfer Date" means the date of commencement utility service the Authority.

"Utility System" means the combined utility system comprised of the Facilities of the Water System, the Wastewater System, and the Reclaimed Water System.

"Variable Rate Bonds" means Bonds, the interest rate on which is subject to adjustment at such times and in such manner as shall be determined by the Authority prior to the sale thereof.

"Wastewater System" means the Authority's system for the collection, treatment and discharge or reuse of wastewater located primarily in the service area of the Authority, including, without being limited to, all Facilities for the collection, treatment and discharge of wastewater, including plants, buildings, machinery, franchises, pipes, fixtures, equipment and

all property, real or personal, tangible or intangible, previously used in connection with the Wastewater System.

"Water System" means the Authority's separate water production, treatment and distribution system located primarily in the service area of the Authority, including, without being limited to, all Facilities for the production, treatment, supply and distribution of water, including wells, mains, pumping stations, tanks, machinery and equipment, plants, buildings, franchises, and all property, real or personal, tangible or intangible, previously used in connection with the Water System.

SECTION 1.03. FINDINGS. The Authority has been created pursuant to the Act and the execution of the Transfer Agreement evidences authorization by the City and the County for the Authority to exercise all powers available under general or special law. This Resolution incorporates the findings contained in the Act and Transfer Agreement with respect to the public necessity for the creation of the Authority and the financing of the Initial Project and of subsequent Projects in accordance with the provisions of the Act. In particular, it is hereby ascertained, determined, and declared by the Board as follows:

(A) It is necessary and in the best interests of the health, safety, and welfare of the Authority and its inhabitants within the Service Area to undertake the Initial Project. The Authority is authorized pursuant to the provisions of the Act, to undertake the Initial Project.

(B) The Authority is without adequate, currently available funds to pay the Project Costs of the Initial Project, which include amounts payable pursuant to the Transfer Agreement, and it is necessary and desirable and in the best interests of the Authority that it borrow the moneys necessary to accomplish the financing of the Initial Project. The Authority is authorized pursuant to the provisions of the Act to borrow moneys necessary to pay such Project Costs.

(C) The Authority will receive the Gross Revenues and the System Development Charges, and such Gross Revenues and System Development Charges are not pledged or encumbered to pay any other debts or obligations of the Authority. The Authority is authorized pursuant to the provisions of the Act to pledge the Net Revenues and System Development Charges to secure the payment of debt issued to finance Project Costs.

(D) The Net Revenues, together with available System Development Charges, if any, as shall be pledged to the payment of the Initial Bonds, are estimated to be sufficient to pay as the same become due and payable the Debt Service Requirement on the Initial Bonds and to make all other payments required to be made by the provisions of this Master Resolution.

(E) Payment of the Debt Service Requirement, payments to maintain the Reserve Account Requirement, payments required to be made to the Renewal and Replacement Fund, and other payments required to be made hereunder after the payment of Operating Expenses shall be secured solely by a lien upon and pledge of the Net Revenues and the System Development Charges, as provided herein and in the applicable Series Resolution. The Bonds shall not constitute a general obligation or indebtedness of the City, the County or the State of

Florida, and shall not constitute a lien upon the Utility System or upon any property owned by or located within the Service Area other than the Series Pledged Revenues. The Authority has no taxing power.

SECTION 1.04. MASTER RESOLUTION CONSTITUTES A CONTRACT. In consideration of the acceptance of Bonds hereafter issued hereunder by those who shall be the Registered Owners of the same from time to time, and of the issuance of any Credit Facility or Reserve Account Credit Facility by any Credit Facility Issuer, this Master Resolution shall be deemed to be and shall constitute a contract by and among the Authority, such Registered Owners and the Credit Facility Issuer, and the covenants and agreements herein set forth to be performed by the Authority shall be for the equal benefit, protection, and security of the Registered Owners of any and all such Bonds and any Credit Facility Issuer, and all of the Bonds Outstanding hereunder at any time shall be of equal rank and without preference, priority, or distinction of any of the Bonds over any other thereof, except as expressly provided therein or herein. This Master Resolution shall further be deemed to be a contract between the Authority and the holders of any Subordinate Debt which may be Outstanding hereunder from time to time subject and subordinate to the contract between the Authority and the Registered Owners of Bonds.

ARTICLE II

AUTHORIZATION OF BONDS; AUTHORIZATION OF INITIAL PROJECT; DESCRIPTION, DETAILS AND FORM OF BONDS

SECTION 2.01. AUTHORIZATION OF INITIAL PROJECT. The Initial Project is hereby authorized and approved.

SECTION 2.02. AUTHORIZATION OF BONDS. Subject and pursuant to the provisions of this Master Resolution, obligations of the Authority, to be known as "Utility System Revenue Bonds", are hereby authorized to be issued from time to time for the purpose of financing Project Costs and Refunding Costs, the specific details of which, including specific fiscal, refunding and/or revenue designation, and the series designation, will be set forth in a Supplemental Resolution.

SECTION 2.03. DESCRIPTION OF BONDS. The Bonds of each Series shall be numbered; shall be in such denominations or maturity amounts; shall be dated as of the date of their delivery or such other date prior to the date of their delivery; shall bear interest at not exceeding the maximum rate allowed by law; payable on such dates; shall mature on the first day of such month, in such years, not to exceed forty (40) years from the date thereof, and in such amounts; and may be issued as Current Interest Paying Bonds, Capital Appreciation Bonds, Variable Rate Bonds, Serial Bonds, Term Bonds, Designated Maturity Bonds and/or Commercial Paper Obligations, or the payment of the Bonds on the demand of the holder, or any combination thereof; all the foregoing as shall be determined by subsequent resolution of the Board adopted at or prior to the time of sale of any Series of the Bonds.

Prior to the issuance and delivery of Term Bonds, the Board shall designate (which description may be in the Purchase Contract such Term Bonds) Amortization Installments for each maturity thereof, and (i) each such installment shall be deemed to be due on the Interest Payment Date or Principal Maturity Date of each applicable year as fixed by resolution of the Board and (ii) the aggregate of such installments for each maturity shall equal the aggregate principal amount of Term Bonds of such maturity delivered on original issuance (or, with respect to Capital Appreciation Bonds, the aggregate principal amount of Term Bonds of such maturity delivered on original issuance plus the interest accrued thereon to the applicable Redemption Dates).

The Bonds may be issued in Series or installments from time to time. Different installments and Series of the Bonds may have such characteristics as shall be provided herein and by subsequent resolution of the Board and shall bear a designation to distinguish such Series or installment from other Series or installments of the Bonds.

The Bonds of each Series shall be issued in fully registered form; shall be payable with respect to principal at the office of the Paying Agent; shall be payable in lawful money of the United States of America; and shall bear interest from their date, or from the most recent date to which interest has been paid, payable, in the case of Current Interest Paying Bonds, by check or draft mailed to the Registered Owner at his address as it appears upon the books of the Bond Registrar as of 5:00 P.M. Eastern Time on the Record Date, and in the case of Capital Appreciation Bonds, at maturity upon presentation at the office of the Paying Agent; provided that, for any Registered Owner of one million dollars (\$1,000,000) or more in principal amount of Bonds, such payment shall, at the written request of such Registered Owner, be made by wire transfer or other medium acceptable to the Authority and to such Registered Owner.

SECTION 2.04. EXECUTION OF BONDS. The Bonds of each Series shall be executed in the name of the Authority by the Chair or Vice-Chair, and countersigned and attested by the Secretary, and the corporate seal of the Authority or facsimile thereof shall be affixed thereto or reproduced thereon. The signatures of the Chair or Vice-Chair and the Secretary may be manual or facsimile signatures imprinted or reproduced thereon.

There shall be a Certificate of Authentication of the Bond Registrar on the Bonds, and no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under the provisions of this Master Resolution unless such certificate shall have been duly executed on such Bond. The authorized signature for the Bond Registrar shall be either manual or in facsimile, provided, however, that at least one of the above signatures, including that of the authorized signature for the Bond Registrar, appearing on the Bonds shall be a manual signature.

In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Authority before the Bonds so signed and sealed shall have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to

hold such office. Any Bond may be signed and sealed on behalf of the Authority by such person as at the actual time of the execution of such Bond shall hold the proper office in the Authority, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

SECTION 2.05. NEGOTIABILITY AND REGISTRATION. The Bonds shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Laws of the State of Florida, and each successive Registered Owner, in accepting any of said Bonds shall be conclusively deemed to have agreed that the Bonds shall be and have all of the qualities and incidents of such negotiable instruments.

There shall be a Bond Registrar, who may also be the paying agent for the Bonds, which shall be a bank or trust company located within or without the State of Florida. The Bond Registrar shall be responsible for maintaining the books for the registration of the transfer and exchange of the Bonds. The Authority and the Bond Registrar may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

All Bonds presented for transfer, exchange, redemption or payment (if so required by the Authority or the Bond Registrar) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Authority or the Bond Registrar, duly executed by the Registered Owner or by his duly authorized attorney.

The Bond Registrar may charge the Registered Owner a sum sufficient to reimburse it for any expenses incurred in making any exchange or transfer after the first such exchange or transfer following the initial delivery of the Bonds. The Bond Registrar or the Authority may also require payment from the Registered Owner or his transferee, as the case may be, of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Such charges and expenses shall be paid before any such new Bonds shall be delivered.

The Authority and the Bond Registrar shall not be required (a) to issue, transfer or exchange any Bonds during a period beginning at the opening of business on the 15th day next preceding either any Interest Payment Date or any date of selection of Bonds or parts thereof to be redeemed and ending at the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given, or (b) to transfer or exchange any Bonds selected, called or being called for redemption in whole or in part.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the Authority, evidencing the same debt as the Bonds surrendered, shall be secured by this Master Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The Authority may elect to use a book-entry or immobilization system for issuance and registration of the Bonds of any Series, and the details of any such system shall be as fixed by subsequent resolution of the Board adopted prior to the time of issuance of such Bonds.

Whenever any Bond shall be delivered to the Bond Registrar for cancellation, upon payment of the principal amount thereof, or for replacement, transfer or exchange, such Bond shall be cancelled and destroyed by the Bond Registrar, and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Authority.

SECTION 2.06. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Bond Registrar may in its discretion issue and deliver a new Bond, of like tenor as the Bond, so mutilated, destroyed, stolen or lost, either in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon the Registered Owner's furnishing the Bond Registrar proof of his ownership thereof, furnishing satisfactory indemnity in favor of both the Authority and the Bond Registrar, complying with such other reasonable regulations and conditions as the Bond Registrar and Authority may prescribe, and paying such expenses as the Authority may incur. All Bonds so surrendered shall be cancelled. If any such Bonds shall have matured or are about to mature, instead of issuing a substitute Bond, the Bond Registrar may pay the same, upon compliance with the foregoing conditions and requirements.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Authority, whether or not any lost, stolen or destroyed Bonds are found and shall be entitled to equal and proportionate benefits and rights with all other Bonds of such Series issued hereunder as to lien on and source and security for payment from the Pledged Revenues.

SECTION 2.07. TEMPORARY BONDS. Until Bonds in definitive form of any Series are ready for delivery, the Authority may execute, and upon its request in writing, the Bond Registrar shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bond in temporary form, substantially of the tenor of the Bonds hereinbefore described and with appropriate omissions, variations and insertions.

Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit of this Master Resolution. The Authority shall, without unreasonable delay, prepare, execute and deliver to the Bond Registrar and thereupon, upon the presentation and surrender of the Bonds in temporary form to the Bond Registrar the Bond Registrar shall authenticate and deliver, in exchange therefor, Bonds of the same Series and maturity, in definitive form in the authorized denominations, and for the same aggregate principal amount, as the Bonds in temporary form surrendered. The expense of such exchange shall be paid by the Authority and there shall be made no charge therefor to any Registered Owner.

SECTION 2.08. BOND ANTICIPATION NOTES. In anticipation of the delivery of the Bonds of any Series and receipt of the proceeds thereof, the Authority may issue bond anticipation notes. Provisions regarding the form of such bond anticipation notes and the security for any bond anticipation notes shall be set forth in a separate resolution of the Board adopted at or prior to the time of sale of such bond anticipation notes.

SECTION 2.09. PROVISIONS FOR REDEMPTION. The Bonds of a Series may be redeemable, by operation of the applicable Bond Amortization Account or, at the option of the Authority, as provided by in the Series Resolution and in the Purchase Contract. Notice of redemption of Bonds shall be as provided in this Section, and in the Series Resolution for such Bonds.

Not more than sixty (60) days or less than thirty (30) days prior to the Redemption Date, or such other time as provided by Series Resolution for such Bonds, notice of such redemption (i) shall be filed with the Bond Registrar, and (ii) shall be mailed, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for. Notwithstanding the foregoing or any other provision hereof, notice of optional redemption pursuant to this Section 2.09 may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the Authority if expressly set forth in such notice. Interest shall cease to accrue on any Bonds duly called for prior redemption on the Redemption Date, if payment thereof has been duly provided. Failure of any Registered Owner to receive notice properly provided shall not affect the validity of any such proceedings for redemption or the cessation of the accrual of interest on any Bonds called for redemption from and after the Redemption Date.

In addition to the foregoing notice, further notice shall be given as set out below, but no defect in any such notice nor any failure to give all or any portion of any notice shall in any manner defeat the effectiveness of a call for redemption with respect to an Owner as to which notice is given as prescribed above.

Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus: (i) the date of original execution and delivery of the Bonds of such Series; (ii) the rate of interest borne by each Bond being redeemed; (iii) the maturity date and CUSIP number of each Bond being redeemed; and (iv) any other descriptive information needed to identify accurately the Bonds being redeemed.

Each further notice of redemption shall, to the extent required by Supplemental Resolution, be sent prior to the the redemption date by registered or certified mail or overnight delivery service (at the expense of the addressee) to the Credit Facility Issuer.

SECTION 2.10. FORM OF BONDS. The text of the Bonds shall be in substantially the form of Exhibit A hereto, as modified in accordance with by subsequent resolution adopted

prior to the issuance of any Series thereof, including, without limitation for the purpose of issuing Commercial Paper Obligations.

ARTICLE III PLEDGE OF REVENUES AND APPLICATION THEREOF

SECTION 3.01. BONDS NOT GENERAL OBLIGATION OF AUTHORITY. The Bonds and the premium, if any, and the interest thereon shall not be or constitute general obligations or indebtedness of the Authority (or "bonds" within the meaning of the Constitution of the State of Florida), but shall be payable from and secured solely by a lien upon and a pledge of the Pledged Revenues as herein provided. No Registered Owner or Owners of any Bonds issued hereunder shall ever have the right to compel the exercise of the ad valorem taxing power of the City or the County or taxation in any form of any property within or without the Service Area to pay the Bonds, the premium, if any, or the interest thereon or be entitled to payment of such principal, premium, if any, and interest from any other funds of the Authority except from the Pledged Revenues in the manner provided herein and in the Series Resolution for such Series. The Bonds, the premium, if any, and the interest thereon, shall not have or be a lien upon any Project, any Facilities, the Utility System or any property of the Authority within or without the Service Area, other than the Pledged Revenues in the manner provided herein and in the Series Resolution for such Series. The Authority has no taxing power.

SECTION 3.02. BONDS SECURED BY PLEDGED REVENUES. The payment of the principal of, premium, if any, and interest on all of the Bonds shall be secured forthwith equally and ratably with the other Bonds by a lien upon and pledge of the Pledged Revenues. The Pledged Revenues, in an amount sufficient both to pay the principal of, premium, if any, and interest on the Bonds herein authorized and to make the payments into the Reserve Account, and Sinking Fund, and to make all other payments provided for in this Master Resolution, are hereby irrevocably pledged, in the manner stated herein, to the payment of the principal of, premium, if any, and interest on the Bonds and to the making of the other payments provided for in this Master Resolution as the same become due; provided that said pledge and lien may be released and extinguished by defeasance as provided in Section 6.04 hereof. Notwithstanding the foregoing, no provision hereof is intended to prohibit the payment of the principal of, premium, if any, and interest on any Series of Bonds from, or the pledging to such payment of, any lawfully available additional revenues, reserves, security, documents, obligations or sources of funds.

SECTION 3.03. APPLICATION OF PLEDGED REVENUES. For as long as any of the principal of, premium, if any, and interest on any of the Bonds of a Series shall be outstanding and unpaid or until (a) there shall have been set apart in the Sinking Fund herein established, including any accounts and subaccounts therein for such Series of Bonds a sum sufficient to pay when due the entire principal amount of the Bonds of such Series remaining unpaid, together with the premium, if any, with respect thereto, and the interest accrued or to accrue thereon in a manner that causes the related Bonds to be defeased as provided in Section 6.04 hereof, or (b)

provision for payment of the Bonds of such Series shall have been made in accordance with the terms of Section 6.04 hereof and the lien of the Bonds of such Series upon the Pledged Revenues shall have been defeased, the Authority covenants with the Registered Owners of any and all Bonds of such Series as follows:

(A) CREATION OF FUNDS AND ACCOUNTS. There are hereby created and established the following funds and accounts of the Authority: the Utility System Revenue Fund, hereinafter referred to as the "Revenue Fund"; the Utility System System Development Charges Fund, hereinafter called the "System Development Charges Fund," together with the "Water System System Development Charges Account" and the "Wastewater System System Development Charges Account" therein; the Utility System Revenue Bonds Sinking Fund, hereinafter called the "Sinking Fund," together with the accounts therein to be known as the "Current Debt Service Account," the "Bond Amortization Account" (together with any subaccounts therein) and the "Reserve Account" (provided that separate subaccounts may be established within the Reserve Account and the amounts on deposit in such subaccounts be specified to be available only for Bonds of a particular Series); the Utility System Renewal and Replacement Fund, hereinafter called the "Renewal and Replacement Fund"; the Utility System Rate Stabilization Fund, hereinafter called the "Rate Stabilization Fund"; the Utility System Subordinate Debt Service Fund, hereinafter referred to as the "Subordinate Debt Service Fund" together with accounts therein to be known as the "Subordinate Bonds Account," the "Loan Agreement Account," and the "Swap Payment Account"; the "Governmental Transfer Reserve Fund," and the Utility System Project Fund, hereinafter referred to as the "Project Fund"; provided that separate accounts and subaccounts in any of the foregoing may be established and maintained for different Series or installments of Bonds if so provided in a Series Resolution. There is further created and established a "General Fund" of the Authority.

(B) MAINTENANCE OF FUNDS AND ACCOUNTS. The designation and establishment of the various funds and accounts in and by this Master Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds or accounts, as such terms are commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of Pledged Revenues for certain purposes and to establish certain priorities for application of such Pledged Revenues as provided herein. Cash and Authorized Investments required to be accounted for in each of the funds and accounts established by this Master Resolution may be deposited in a single bank account, provided that accounting records, prepared in accordance with Accounting Principles are maintained to reflect control or restricted allocation of the moneys therein for the various purposes of such funds and accounts.

Deposits into the accounts for any Series or installment of Bonds shall be on a parity with the deposits, if any, into the corresponding accounts for each other Series or installment of Bonds (or, in the case of a deficiency, shall be on a pro rata basis computed with regard to the aggregate principal amount of Bonds of each Series or installment then Outstanding) unless specified otherwise; further provided that moneys on deposit in the accounts established for a particular Series or installment of Bonds may be specified not to be available to be used for

payments required to be made from the corresponding accounts for any other Series or installment of Bonds.

(C) APPLICATION OF GROSS REVENUES. All Gross Revenues shall, immediately upon receipt thereof, be deposited by the Authority into the Revenue Fund. Moneys on deposit in the Revenue Fund shall be applied in each month, subject to credits for deposits as provided herein below, only in the following manner and order of priority; provided, that with respect to any payment period for any Series of Bonds that is other than annual or semi-annual, the required deposits shall be such as to provide for equal monthly deposits of all amounts required to meet the annual Debt Service Requirement of such Series:

- (1) Moneys shall first be used to pay Operating Expenses;
- (2) Moneys shall next be used for deposit into the Sinking Fund in the following priority:
 - (a) into the Current Debt Service Account for Bonds paying interest semi-annually such sums as are necessary to pay one-sixth (1/6) of (i) the interest becoming due on the Current Interest Paying Bonds and (ii) any Periodic Payments becoming due, in each case on the next Interest Payment Date and for Bonds paying interest monthly, such sums as are necessary to pay the (i) interest becoming due on the Current Interest Paying Bonds and (ii) any Periodic Payments becoming due, in each case on the next Interest Payment Date;
 - (b) into the Current Debt Service Account such sums as are necessary to pay one-twelfth (1/12) (one-sixth if principal is paid semi-annually) of the principal maturing on Current Interest Paying Serial Bonds maturing in such Bond Year;
 - (c) on a parity with the payments provided in subparagraph (b) above, into the appropriate subaccount in the Bond Amortization Account, in such sums as are necessary to pay one-twelfth (1/12) (one-sixth if principal is paid semi-annually) of the Amortization Installment for Term Bonds which shall become due and payable during the current Bond Year, plus any Amortization Installment owed with respect to Bonds of a Series that have been purchased with amounts drawn under the Liquidity Facility supporting Bonds of such Series coming due in the month following the date of such deposit to the extent that amounts held in the Bond Amortization Account available for the payment of such Amortization Installments is sufficient to pay the principal due and payable on such Bonds in the month following such deposit;
 - (d) into the Current Debt Service Account, on a parity with the payments provided in subparagraphs (b) and (c) above, in such sums as are necessary to pay one-twelfth (1/12) of the Maturity Amount of any Capital Appreciation Bonds maturing in such Bond Year; and

(e) into the Current Debt Service Account, on parity with the payments provided in subparagraphs (a), (b), (c), and (d) above, an amount equal to all amounts coming due and payable by the Authority in the month following such deposit under any Reimbursement Agreement that is not provided for in subparagraphs (a), (b), (c) and (d) above;

(3) Moneys shall next be used to cure any deficiency for prior deposits into the Sinking Fund;

(4) Moneys shall next be used to restore the amount of funds on deposit in the Reserve Account and each subaccount therein to the applicable Reserve Account Requirement in no more than twelve (12) equal monthly installments, or used in accordance with the provisions of any applicable Reserve Account Credit Facility, if any, to maintain in the Reserve Account a Reserve Account Value in an amount equal to the applicable Reserve Account Requirement for a Series of Bonds, with first priority for payment of any Reserve Account Credit Facility Costs then due and owing;

(5) Moneys shall next be deposited into the Renewal and Replacement Fund in an amount equal to the sum of:

(a) one-twelfth (1/12th) of the difference between the amount on deposit in such Fund and the Renewal and Replacement Fund Requirement, and

(b) one-twelfth (1/12) of any unrestored withdrawal therefrom made to prevent a default in the payment of the principal and interest on the Bonds as provided in Section 3.03(F)(6) hereinbelow;

(6) INTENTIONALLY DELETED.

(7) Moneys shall next be used for deposit into the Subordinate Debt Service Fund and accounts therein of such sums as are required by the proceedings authorizing the issuance of such Subordinate Debt as follows:

(a) moneys shall first be applied into the Subordinate Bonds Current Debt Service Account in amounts equal to one-sixth and one-twelfth (1/12), respectively, of the principal and interest due and payable on Outstanding Subordinate Bonds on the next succeeding interest payment date and principal maturity date, respectively;

(b) on a parity with the payments provided for in subparagraph (a) above, moneys shall be applied into the Loan Agreement Account in an amount equal to one-twelfth (1/12) of the amounts payable on any Loan Agreement in the current Fiscal Year;

(c) moneys shall next be deposited into the Swap Payment Account in the amount due under any Interest Rate Swap as Termination Payments or as payments under any Credit Support Annex.

(8) Moneys shall next be applied to pay the following amounts, in the order of priority and to the extent required to be paid from a specific source of Gross Revenues, all as specified in the Transfer Agreement and any Subsequent Transfer Interlocal Agreement:

(a) To the extent provided in the Transfer Agreement, one-twelfth (1/12th) of the amount of the Governmental Transfer due to the City for the current Fiscal Year;

(b) To the extent provided in the Transfer Agreement, one-twelfth (1/12th) of the amount of the Governmental Transfer due to the County for the current Fiscal Year;

(c) To the extent provided in a Subsequent Transfer Interlocal Agreement, one-twelfth (1/12th) of any Additional Transfer Amount.

(9) Moneys may next, in the discretion of the Board, be deposited into the Governmental Transfer Reserve Account in such sums as shall be determined by the Board.

(10) Moneys may next, in the discretion of the Board, be deposited into the Rate Stabilization Fund in such sums as shall be determined by the Board; any moneys so transferred shall be excluded from Gross Revenues in the Fiscal Year in which the transfer into the Rate Stabilization Fund occurs; and

(11) Remaining moneys may be withdrawn and used by the Authority for any lawful purpose, provided that all funds and accounts created hereunder are at required levels.

The foregoing provisions notwithstanding, no further deposits shall be required to be made into the foregoing funds and accounts whenever (1) there shall be on deposit in the Sinking Fund, including the accounts therein, an amount of money and Authorized Investments equal to all principal and interest due on the Bonds to the final maturity thereof, (2) all amounts due and owing to any Credit Facility Issuer shall have been paid and (3) there shall be on deposit in the Subordinate Debt Service Fund, including the accounts therein, an amount necessary to pay all outstanding Subordinate Debt in full in accordance with its terms.

Credit shall be allowed against the required deposit amounts due as prescribed above for the payment of principal of and interest and Amortization Installments on Bonds to the extent of any other funds on deposit and available for such purpose in the applicable accounts of the Sinking Fund including (i) amounts of System Development Charges as may have been pledged for such payment, (ii) accrued or capitalized interest and (iii) any Investment Earnings transferred into such fund or account and available for such purposes.

(D) APPLICATION OF SYSTEM DEVELOPMENT CHARGES. All System Development Charges received with respect to the Water System shall be deposited upon receipt into the Water System System Development Charges Account, and all System Development Charges received with respect to the Wastewater System shall be deposited upon receipt into the Wastewater System System Development Charges Account.

(E) APPLICATION OF SWAP RECEIPTS. All amounts received by the Authority from a Swap Counterparty shall be deposited into the Revenue Fund and thereafter constitute Pledged Revenues.

(F) USE OF AMOUNTS ON DEPOSIT IN FUNDS AND ACCOUNTS. The moneys on deposit in the funds and accounts herein established shall be only used in the following manner and for the following purposes.

(1) REVENUE FUND. Moneys on deposit in the Revenue Fund shall be used only to make the required deposits into the funds and accounts as provided in Section 3.03(C)(1)-(10) hereof and, thereafter, may be applied as provided in Section 3.03(C)(11) hereof or may be retained in the Revenue Fund.

(2) SYSTEM DEVELOPMENT CHARGES FUND. Moneys on deposit in the System Development Charges Fund shall be used first for the purpose of supplementing the Net Revenues to the extent necessary to make the required deposits into the Sinking Fund and accounts therein when the other Pledged Revenues are insufficient therefor. Thereafter, System Development Charges may be used to pay the cost of Expansion Facilities.

(3) CURRENT DEBT SERVICE ACCOUNT. Moneys on deposit in the Current Debt Service Account shall be used only to pay the principal of and interest on the Bonds and to reimburse the Credit Facility Issuer for amounts drawn under the Credit Facility to pay principal and interest on the Bonds as provided herein and to pay other amounts owed by the Authority under any Reimbursement Agreement when due.

(4) BOND AMORTIZATION ACCOUNT. Moneys held for the credit of the Bond Amortization Account shall be applied to the retirement of Term Bonds of each Series or installment of Bonds, to the extent of the Amortization Installment, if any, for such Bond Year for the Term Bonds of each such Series or installment then Outstanding, and to reimburse the Credit Facility Issuer for amounts drawn under the Credit Facility to pay the Amortization Installment on the Bonds and if the amount available in such Bond Year shall not be sufficient therefor, then in proportion to the Amortization Installment, if any, for such Bond Year for the Term Bonds of each such Series or installment then Outstanding.

Notwithstanding the provisions of the preceding paragraph, the Authority may purchase Term Bonds then Outstanding at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal amount of such Term Bonds. No such purchase shall be made by the Authority within the period of forty-five (45) days immediately preceding any Interest Payment Date on which Term Bonds are subject to call for

redemption, except from moneys in excess of the amounts set aside or deposited for the redemption of Term Bonds on such date.

(5) RESERVE ACCOUNT. Moneys in the Reserve Account shall be used only for the purpose of the payment of interest on or principal (including Amortization Installments) of the Bonds or to reimburse the Credit Facility Issuer for such payments pursuant to a Credit Facility when the other moneys allocated to the Sinking Fund are insufficient therefor, and for no other purpose.

Upon the issuance of Additional Parity Bonds, additional cash or Authorized Investments shall be deposited into the Reserve Account or additional Reserve Account Credit Facilities shall be purchased from the proceeds of such Additional Parity Bonds, or from other moneys of the Authority available therefor, in order to make the Reserve Account Value at the time of issuance thereof equal to the Reserve Account Requirement.

Notwithstanding the foregoing, the Authority at any time may substitute a Reserve Account Credit Facility for all or any portion of the cash and Authorized Investments on deposit in the Reserve Account, subject only to such conditions and approvals as may be imposed by the Credit Facility Issuer providing such Reserve Account Credit Facility or by any Credit Facility Issuer having a Credit Facility or Reserve Account Credit Facility in effect as to any Bonds.

The issuer providing such Reserve Account Credit Facility shall be either (a) an insurer (i) whose municipal bond insurance policies insuring or surety bond guaranteeing the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories) by any of S&P, Moody's, or Fitch or (ii) which holds one of the two highest policyholder ratings accorded insurers by A.M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have, or whose obligation to pay is guaranteed by a commercial bank, insurance company or other financial institution which has been assigned a rating by either Moody's or Standard & Poor's Corporation in one of the two highest rating categories (without regard to gradations, such as "plus" or "minus" of such categories).

If fifteen (15) days prior to an Interest Payment Date or a date on which principal of the Bonds shall be due, whether by redemption or otherwise, the Paying Agent shall determine in regard to a Series of Bonds to which a Reserve Account Credit Facility has been deposited in the Reserve Account (or subaccount related to such Series, if applicable) that a deficiency exists in the amount of moneys available to pay in accordance with the terms hereof interest and/or principal due on such Bonds on such date, the Paying Agent shall (1) immediately notify the issuer of the applicable Reserve Account Credit Facility, and (2) immediately notify the Credit Facility Issuer, if any, of such Series of Bonds, of the amount of such deficiency and the date on which such payment is due and (3) take such actions, including drawing on such Reserve Account Credit Facility, as are required by any credit agreement entered into between the Authority and the issuer of any Reserve Account Credit Facility. Any disbursement from any

Reserve Account Credit Facility shall be made to the Paying Agent for the corresponding Series of Bonds. The Paying Agent shall be responsible for maintaining adequate records, verified with the issuer of any Reserve Account Credit Facility, as to the amounts available to be drawn at any time under such Reserve Account Credit Facility and as to amounts due and owing such issuer under any agreement securing the foregoing.

To the extent the Authority causes to be deposited into the Reserve Account (or subaccount, if applicable), a Reserve Account Credit Facility for a term of years shorter than the life of the Series of Bonds so insured or secured, then the Reserve Account Credit Facility shall provide, among other things, that the issuer thereof shall provide the Authority with notice as of each anniversary of the date of the issuance of the Reserve Account Credit Facility of the intention of the issuer thereof to either (a) extend the term of the Reserve Account Credit Facility beyond the expiration dates thereof, or (b) terminate the Reserve Account Credit Facility on the initial expiration dates thereof or such other future date as the issuer thereof shall have established. If the issuer of the Reserve Account Credit Facility notifies the Authority pursuant to clause (b) of the immediately preceding sentence or if the Authority terminates the Reserve Account Credit Facility, then the Authority shall deposit from the Pledged Revenues into the Reserve Account (or subaccount, if applicable), on or prior to the fifteenth (15th) day of the first full calendar month following the date on which such notice is received by the Authority, such sums as shall be sufficient to pay an amount equal to a fraction, the numerator of which is one (1) and the denominator of which is equal to the number of months remaining in the term of the Reserve Account Credit Facility on the date such notice was received (the maximum amount available, assuming full reimbursement by the Authority, under the Reserve Account Credit Facility to be reduced annually by an amount equal to the deposit to the Reserve Account (or applicable subaccount) during the previous twelve (12) month period) until amounts on deposit in the Reserve Account (or applicable subaccount), as a result of the aforementioned deposits, and no later than upon the expiration of such Reserve Account Credit Facility, shall be equal to the Reserve Account Requirement applicable thereto.

If any Reserve Account Credit Facility shall terminate prior to the stated expiration date thereof, the Authority agrees that it shall fund the Reserve Account (or applicable subaccount) over a period not to exceed sixty (60) months during which it shall make consecutive equal monthly payments in order that the amount on deposit in such subaccount at the end of such period shall equal the Reserve Account Requirement; provided, the Authority may, with the prior written consent of the Credit Facility Issuer, if any, for the corresponding Series of Bonds obtain a new Reserve Account Credit Facility in lieu of making the payments required by this paragraph.

In the event the Reserve Account (or any subaccount therein) contains both a Reserve Account Credit Facility and cash, the cash shall be drawn down completely before any demand is made on the Reserve Account Credit Facility. In the event any subaccount of the Reserve Account contains Reserve Account Credit Facilities issued by different entities, such Reserve Account Credit Facilities shall be drawn down on a pro-rata basis. In the event of any draw on a Reserve Account Credit Facility, amounts subsequently deposited to the applicable

subaccount of the Reserve Account shall be used first to reinstate the Reserve Account Credit Facility, and second to replenish any cash previously withdrawn from such subaccount. Any deposits into the Reserve Account to cure deficiencies existing in subaccounts therein shall be on a pro-rata basis.

The Authorized Investments on deposit in the Reserve Account shall be valued annually, or more frequently if required by a Credit Facility Issuer, as of the last day of the Fiscal Year at their fair market value exclusive of accrued interest. Any Reserve Account Credit Facilities shall be valued at the amount of the Reserve Account Credit Facility Coverage. If and whenever the Reserve Account Value exceeds the Reserve Account Requirement on all then Outstanding Bonds, such excess may be withdrawn and applied, first, to pay any Reserve Account Credit Facility Costs and thereafter applied and allocated into the Renewal and Replacement Fund, or if the Renewal and Replacement Fund Requirement is then on deposit in the Renewal and Replacement Fund, then into the Revenue Fund. Deficiencies in the Reserve Account Value resulting from a decline in market value of the Authorized Investments, a draw on a Reserve Account Credit Facility, or a withdrawal therefrom shall be restored no later than twelve (12) months from the date of valuation, draw, or withdrawal.

(6) **RENEWAL AND REPLACEMENT FUND.** The moneys in the Renewal and Replacement Fund shall be used only for the purpose of paying: (a) the cost of necessary (routine or extraordinary) repairs, extensions, enlargements or additions to, or the replacement of Facilities of, the Utility System; and (b) the principal of and interest on the Bonds when due if the moneys on deposit in the Sinking Fund and accounts therein are ever insufficient therefor, and any amounts so withdrawn are required to be restored pursuant to Section 3.03(C)(5)(b).

(7) **INTENTIONALLY DELETED.**

(8) **RATE STABILIZATION FUND.** Moneys on deposit in the Rate Stabilization Fund may be used only for redeposit into the Revenue Fund. Moneys redeposited into the Revenue Fund shall be included in Gross Revenues in the Fiscal Year in which the redeposit occurs.

(9) **SUBORDINATE DEBT SERVICE FUND.** Moneys on deposit in the Subordinate Debt Service Fund and accounts therein may be used only for payment of debt service on Subordinate Debt in such manner as shall be specified in the proceedings authorizing such Subordinate Debt.

(10) **GOVERNMENTAL TRANSFER RESERVE FUND.** Moneys on deposit in the Governmental Transfer Reserve Fund shall be used only for the purpose of paying the Governmental Transfer.

(11) **GENERAL FUND.** Moneys on deposit in the General Fund may be used for any lawful purpose of the Authority, subject to the provisions of the Act and the Transfer Agreement. Moneys on deposit in the General Fund are not Pledged Revenues.

(G) INVESTMENT OF MONEYS IN FUNDS AND ACCOUNTS. All moneys on deposit in the funds and accounts created hereunder may be invested and reinvested only in Authorized Investments; such Authorized Investments shall mature or be redeemable at par at the option of the Authority not later than the respective dates when such moneys will be required for the purposes of such funds and accounts; and provided that at no time shall any moneys constituting gross proceeds of Bonds be used in any manner to cause or result in a "prohibited payment" under applicable regulations pertaining to, or in any other fashion as would constitute failure of compliance with, Section 148 of the Code.

Moneys in the Sinking Fund, other than the Reserve Account, may be invested in Authorized Investments maturing not later than the respective dates that such moneys will be needed for the payment of interest and principal (including Amortization Installments) on Bonds.

Amounts, if any, held in the Sinking Fund representing capitalized interest shall be invested only in Federal Securities during any period in which a Credit Facility for Bonds, the proceeds of which were used to provide such capitalized interest, shall be in effect. In the case of the Reserve Account, investments shall mature not later than five (5) years from the date of investment, and Investment Earnings thereon shall be retained in such account to the extent necessary to maintain therein a Reserve Account Value equal to the Reserve Account Requirement, or may be transferred to the Sinking Fund or to the Revenue Fund.

Investment Earnings related to any System Development Charges shall be held and applied for the same purposes to which such moneys are restricted by the terms of this Master Resolution or any resolution adopted in connection with the issuance of any applicable Series or installment. Moneys on deposit in the Renewal and Replacement Fund may be invested in Authorized Investments maturing not later than the time that such moneys will be needed for the purposes of such Fund. Investment earnings on moneys in the Renewal and Replacement Fund shall be deposited into the Revenue Fund upon receipt.

Moneys on deposit in the Rate Stabilization Fund may be invested in Authorized Investments maturing not later than the date that such moneys will be needed. Investment Earnings thereon shall be deposited into the Revenue Fund upon receipt.

(H) UNCLAIMED MONEYS. Any moneys deposited with the Paying Agent, for the payment of principal of, premium, if any, and interest on the Bonds and remaining unclaimed for a period of one (1) year from the date on which such moneys were due to pay maturing principal of, premium, if any, or interest on such Bonds may be returned to the Authority and used for any lawful purpose; provided that (1) such return shall not give rise to any claim for additional interest due on such Bonds on account of payment thereof not having been duly provided for under the terms of this Master Resolution; (2) such return shall not affect the right, to the extent existing under the provisions of this Master Resolution or of the laws of the State, of the Registered Owner of such Bonds to payment of the principal and interest thereon to the Interest Payment Date with respect to which such moneys were originally deposited.

**ARTICLE IV
APPLICATION OF BOND PROCEEDS**

SECTION 4.01. APPLICATION OF BOND PROCEEDS. All moneys received from the sale of any or all Bonds authorized and issued pursuant to this Master Resolution, shall be disbursed as provided in the Series Resolution for such Series.

The moneys on deposit in the Project Fund and any account therein shall be withdrawn, used and applied by the Authority solely for the payment of Project Costs and purposes incidental thereto, as described and set forth in the resolution authorizing the particular series of Bonds. All expenditures or disbursements from the Project Fund shall be made only after such expenditures or disbursements shall have been approved by the Authority.

All funds on deposit in any Project Fund, which in the opinion of the Authority, are not immediately necessary for expenditure, as hereinabove provided, may be invested in Authorized Investments, maturing at such time or times as such moneys will be needed for the purposes of the Project Fund or the particular subaccount. All income derived from such investments shall be retained in the Project Fund and used to pay Project Costs, unless otherwise required by the terms of any tax compliance certificate delivered in connection with any Series of Bonds.

If, for any reason, the moneys on deposit in any Project Fund or account therein, or any part thereof, are not necessary for or are not applied to the payment of applicable Project Costs, then, upon receipt of an written opinion of Bond Counsel to the effect that such deposit and application shall not adversely affect the exclusion from gross income for federal income tax purposes of interest on such Series of Bonds, the unapplied proceeds shall be applied and deposited by the Authority (1) first, into the Sinking Fund to the extent of any deficiency therein, (2) second, into the Reserve Account to the extent of any deficiency therein, (3) third into the Renewal and Replacement Fund to the extent of any deficiency therein, and (4) fourth, to pay the cost of any additional Facilities which the Authority shall have determined to be useful in connection with the Utility System.

**ARTICLE V
COVENANTS OF THE AUTHORITY;
REMEDIES**

SECTION 5.01. COVENANTS OF THE AUTHORITY. So long as any of the principal of, premium, if any, or interest on any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the accounts therein, a sum sufficient to pay, when due, or to redeem prior to maturity, the entire principal amount of the Bonds remaining unpaid, together with the premium, if any, and the interest accrued and to accrue thereon, and all amounts due and owing to any Credit Facility Issuer, or until all Bonds have been defeased in accordance with Section 6.04 hereof, the Authority covenants with the

Registered Owners of any and all of the Bonds issued pursuant to this Master Resolution and with any Credit Facility Issuer as follows:

(A) **RATE COVENANT.** The Authority will fix, establish and maintain such rates and collect such fees, rentals, or other charges for the services and Facilities of the Utility System, and will revise the same from time to time whenever necessary, so as to provide Net Revenues in each Fiscal Year, commencing with the Fiscal Year beginning October 1, 2003, equal to (1) one hundred fifteen percent (115%) of the Debt Service Requirement on the Bonds for such Fiscal Year, plus (2) one hundred percent (100%) of the required deposits into (a) the Reserve Account (less any portion thereof to be deposited from proceeds of Bonds) together with any amounts of Reserve Account Credit Facility Costs payable in such Fiscal Year, (b) the Renewal and Replacement Fund in such Fiscal Year, and (c) the Subordinate Debt Service Fund in such Fiscal Year.

The Authority further covenants that, from time to time and as often as shall be necessary, it will revise rates, fees and charges of the Utility System or the Operating Expenses and methods of operations of the Utility System as may be necessary or proper so that Net Revenues in each Fiscal Year will, subject to applicable requirements and restrictions imposed by law, not be less than the amount required for such Fiscal Year under this Section 5.01(A). The Authority further covenants and agrees that it will annually, within thirty (30) days after adoption of the annual budget, revise its rates, fees and charges to the extent necessary to cause the estimated Net Revenues during the Fiscal Year to which such budget pertains to be not less than the amount required by this Section 5.01(A).

(B) **OPERATION AND MAINTENANCE.** The Authority will maintain the Utility System and all parts thereof in good condition, and will operate the same in an efficient and economical manner, in compliance with applicable permits and regulations, making such expenditures for equipment, for renewal, repair and replacement and for personnel and services, as may be proper for the economical operation and maintenance thereof and, subject to the provisions of this Master Resolution, will continuously operate the Utility System as a revenue-producing enterprise of the Authority until (1) there is on deposit in the Sinking Fund, and the accounts therein, a sum sufficient to pay all of the Bonds and the interest thereon to the maturity or Redemption Date thereof or (2) the lien on the Bonds upon the Pledged Revenues has been defeased in accordance with the provisions of Section 6.04 hereof and (3) all amounts due and owing to any Credit Facility Issuer shall have been paid.

(C) **INDEPENDENT CONSULTANTS.** The Authority will retain Independent Consultants from time to time as necessary to comply with the requirements of this Resolution.

(D) **INSURANCE.** The Authority will carry such insurance as is determined by the Authority to be prudent, upon the advice of an Independent Consultant, which insurance shall be provided by a reputable insurance carrier or carriers, and which shall include liability insurance, for which the Authority may, upon appropriate authorization by the Board and to the extent permitted under applicable law, be a self-insurer on a sound actuarial basis, and

insurance against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks, and said property loss or damage insurance shall at all times be in an amount or amounts equal to the full insurable value of the buildings, properties, furniture, fixtures and equipment of the Utility System. Any such insurance shall be carried for the benefit of the Authority and, to the extent herein provided, the Registered Owners and/or Credit Facility Issuer.

(E) ANNUAL BUDGET; BOOKS AND RECORDS; AUDIT. The Authority shall, on or prior to the beginning of each Fiscal Year, prepare and adopt a detailed budget of the estimated revenues and expenditures for the Utility System during its current or such next succeeding Fiscal Year, as applicable, and shall provide any Rating Agency or Credit Facility Issuer with a copy thereof at the earliest practicable date, upon request and at such party's expense. No expenditure for the Utility System shall be made in any Fiscal Year in excess of the aggregate amount provided for in such budget unless revised pursuant to law.

The Authority shall keep books and records of the Utility System, which shall be separate and apart from all other books, records and accounts of the Authority, and in which complete and correct entries shall be made, in accordance with Accounting Principles, of all transactions relating to the Utility System.

The Authority shall, after the close of each Fiscal Year, cause the books, records and accounts of the Utility System for such preceding Fiscal Year to be properly audited by the Independent Certified Public Accountants, who shall file with the Authority their report. The Authority shall mail upon written request, and make available generally, said report, or a reasonable summary thereof, to any Rating Agency, Credit Facility Issuer or any Registered Owner of Bonds issued pursuant to this Master Resolution.

(F) SALE OF THE UTILITY SYSTEM; COMBINATION OF SYSTEMS.

(1) The Utility System may be sold, mortgaged, leased or otherwise disposed of only as a whole or substantially as a whole, and only if (a) such sale, mortgage, lease or other disposition has been approved by the City and the County in accordance with the provisions of the Transfer Agreement and (b) the net proceeds to be realized from such transaction shall be sufficient to fully retire all of the Bonds and all other obligations Outstanding pursuant to the provisions of this Master Resolution which have a lien on the Pledged Revenues. The proceeds from such sale, mortgage, lease or other disposition of the Utility System pursuant to this paragraph (1) shall be used only for the purpose of providing for the payment of the principal of and interest on the Bonds and other obligations Outstanding pursuant to the provisions of this Master Resolution as the same shall become due, or for the redemption of callable Bonds, provided, however, that any excess of such proceeds not needed for such purpose may be used by the Authority for any purpose permitted by law.

(2) The foregoing provision notwithstanding, the Authority shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a

part of the Utility System which (a) may hereafter be determined in the manner provided herein to be no longer necessary, useful, or profitable in the operation thereof or (b) be required to be disposed of pursuant to (i) any Subsequent Transfer Interlocal Agreement or (ii) order of any administrative agency or court of competent jurisdiction. Prior to any such sale, lease, or other disposition of any property pursuant to this paragraph (2) the duly authorized officer in charge of the Utility System shall make a finding in writing determining that such property comprising a part of the Utility System is no longer necessary, useful, or profitable in the operation thereof. If (a) the amount to be received as a result of such sale or other disposition is in excess of .05% of the depreciated capital asset amount less land and construction in progress of the Utility System, such finding shall be approved by the Independent Consultant and by resolution of the Board, and written notice thereof shall be provided to the Credit Facility Issuer and if (b) the amount to be received in the aggregate as a result of all such sales or other dispositions over an 18-month period is in excess of .5% of the depreciated capital asset amount less land and construction in progress of the Utility System, such finding shall additionally be subject to the approval of the Credit Facility Issuer. Any proceeds of such sale or other disposition shall be deposited in the Renewal and Replacement Fund created by this Master Resolution and used only as provided herein for moneys on deposit in such fund. Such payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Master Resolution.

The foregoing provision notwithstanding, the Authority shall have and hereby reserves the right to sell, lease, or transfer operating control of, or otherwise dispose of, the property comprising the Utility System as a whole to any public board or body, whether created by the Authority or created pursuant to the laws of the State, for the purpose of owning and operating the Utility System, whether independent of or together with any other utility systems of the Authority. Any such transfer (a) must be approved by the City and the County in accordance with the provisions of the Transfer Agreement and (b) shall be expressly made subject to the rights of the Registered Owners of any Bonds issued hereunder and then Outstanding, and in particular subject to the lien upon the Pledged Revenues of the Bonds.

(3) The foregoing provisions notwithstanding, the Authority shall have the right to merge or consolidate the Utility System with any other Authority-owned and/or operated utility system and to combine the Gross Revenues and the System Development Charges with corresponding charges from the other utility system, and to subject such combined Gross Revenues and System Development Charges to the lien of the Bonds and any obligations secured by the revenues and System Development Charges of such other utility system, provided that (a) the requirements for the issuance of Additional Parity Bonds set forth in Section 5.01(H) hereof, calculated with respect to the combined revenues, System Development Charges and debt obligations of the Utility System and such other utility system are satisfied, (b) the Independent Consultant shall certify as to the good condition of the other utility system and (c) any Credit Facility Issuer shall have given its prior written consent to such combination.

(G) **ISSUANCE OF OTHER OBLIGATIONS PAYABLE OUT OF REVENUES.** The Authority will not issue any other obligations, and will not voluntarily create or cause to be created, any debt, lien, pledge, assignment, encumbrance or any other charge, having priority over the Bonds as to lien upon and security for payment from the Pledged Revenues. The Authority may issue Additional Parity Bonds, in the manner and subject to the conditions hereinafter provided, payable from and secured by the Pledged Revenues on a parity with the Bonds. Any other obligations issued by the Authority, in addition to the Bonds authorized by this Master Resolution or Additional Parity Bonds provided for in Section 5.01(H) below, shall contain an express statement that such obligations are junior, inferior, and subordinate in all respects to the Bonds issued pursuant to this Master Resolution and any such Additional Parity Bonds as to lien on and source and security for payment from the Pledged Revenues, and in all other respects.

(H) **ISSUANCE OF ADDITIONAL PARITY BONDS.** No Additional Parity Bonds shall be issued after the issuance of the Series 2003 Bonds pursuant to this Master Resolution, except upon the following terms and conditions:

Additional Parity Bonds payable from the Pledged Revenues may be issued by the Authority for the purposes of financing the construction and acquisition of additions, extensions and improvements to the Utility System, including Project Costs, only if the Adjusted Net Revenues for the Computation Period, hereinafter defined, as evidenced by the certificate of the Executive Director shall have at least equaled the sum of (1) one hundred fifteen percent (115%) of the Maximum Debt Service Requirement on all Bonds to be Outstanding as of the date of such issuance, plus (2) one hundred percent (100%) of the Maximum Debt Service Requirement on all Subordinate Debt to be Outstanding as of the date of such issuance, plus (3) one hundred percent (100%) of the amounts, if any, required to be deposited in the Reserve Account during such Computation Period (less any portion thereof which is to be deposited from proceeds of Bonds) together with any amounts of Reserve Account Credit Facility Costs payable in such Fiscal Years, plus (4) one hundred percent (100%) of the amounts required to be deposited in the Renewal and Replacement Fund during such Computation Period.

Additional Parity Bonds may be issued for completion of any Project without satisfying the foregoing financial tests, provided that such completion Bonds may be issued only in a principal amount not greater than fifteen percent (15%) of the principal amount of Bonds initially issued to fund the applicable Project, or may be issued without regard to the fifteen percent (15%) limitation upon the approval of each Credit Facility Issuer and delivery to the Authority of a certificate of an Independent Consultant stating that the proceeds of such completion Bonds will be sufficient to complete the acquisition, construction and installation of such Project substantially in accordance with the plans and specifications therefor in effect at the time of issuance of the Bonds originally issued for such Project.

Additional Parity Bonds payable from the Pledged Revenues may be issued by the Authority for Refunding purposes without satisfying the foregoing financial tests, provided that the Maximum Debt Service Requirement is not increased as a result of such Refunding.

In addition, the Authority may issue at any time and from time to time Additional Parity Bonds for the purpose of refunding any Subordinate Debt by complying with the foregoing financial tests.

For purposes of this Section 5.01(H):

(1) the term "Adjusted Net Revenues" shall mean the Net Revenues giving effect to the following adjustments, (provided that, each such adjustment shall be certified by an Independent Consultant or Independent Certified Public Accountant in a certificate or report which shall set forth the assumptions upon which it is based and shall state that such assumptions, in the opinion of the Independent Consultant or Independent Certified Public Accountant, as the case may be, form a reasonable basis for the conclusions expressed therein).

(a) If the Authority, prior to the issuance of the proposed Series of Bonds (the "Additional Bonds"), shall have put into effect an increase in the rates, fees, rentals or other charges for the services of the Utility System, then Net Revenues may be adjusted to include the additional Net Revenues which would have been received during the Computation Period if such increased rates, fees, rentals or other charges had been in effect during all of such period.

(b) If the number of water and/or sewer connections to the Utility System as of the first day of the month preceding the month in which the proposed Additional Bonds are to be issued exceeds the average number of such connections during the most recent full Fiscal Year, then the Net Revenues may be adjusted to include the Net Revenues which would have been received during the Computation Period if those additional connections had also been connected to the Utility System during all of such period.

(c) If the Authority shall acquire by the issuance of the Additional Bonds any privately-owned or publicly-owned existing water system, sewer system or utility system, the cost of which shall be paid from all or part of the proceeds of the issuance of the proposed Additional Bonds, then the Net Revenues during the Computation Period may be increased by adding thereto the additional Net Revenues (to the extent such amounts were not already reflected in Net Revenues) which, on the basis of operating data pertaining to the existing system during the Computation Period, would have been derived from such existing system as if such existing system had been operated by the Authority as a part of the Utility System during the Computation Period.

(d) If the Authority shall have entered into a contract, which contract shall be for a duration of not less than the final maturity of the proposed Additional Bonds, with any public body whereby the Authority shall have agreed to furnish water, or to furnish services for the collection, treatment or disposal of sewage or agreed to furnish other services in connection with any other utility system, then the Net

Revenues during the Computation Period may be increased (to the extent such amounts were not already reflected in Net Revenues) by the minimum amount which such public body shall guarantee, under a legally enforceable agreement with the Authority, to pay in any Fiscal Year for the furnishing of such services by the Authority, after deducting from such payment the estimated additional Operating Expenses attributable in such Fiscal Year to such services.

(e) The Net Revenues may be increased (to the extent the following amounts were not already reflected in Net Revenues) by seventy-five percent (75%) of the amount of additional Net Revenues which would have been received during the Computation Period from any existing occupied structures which are to be connected to the Utility System within the eighteen (18) complete, calendar months immediately following the issuance of the Additional Bonds.

(f) Net Revenues may reflect any adjustments necessary, in the opinion of an Independent Consultant or Independent Certified Public Accountant, to reflect government ownership of any Facilities acquired from private owners, e.g. to exclude taxes or depreciation or other non-governmental expenses.

(2) "Computation Period" means any twelve (12) consecutive of the twenty-four (24) complete, calendar months, or the most recent complete Fiscal Year, immediately preceding the date of issuance of Additional Parity Bonds.

(3) Net Revenues for the Computation Period during the first twenty-four months after the Transfer Date may mean either (a) the Net Revenues received by the City during such Computation Period or (b) the Net Revenues received by the Authority, as shall be determined by the Independent Consultants.

No Additional Parity Bonds for the purpose of constructing additions, extensions or improvements to the Utility System including Project Costs, shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Master Resolution, shall have been made in full to the date of issuance of such Additional Parity Bonds, and the Authority shall be in substantial compliance with the covenants, agreements and terms of this Master Resolution.

Each resolution authorizing the issuance of Additional Parity Bonds shall recite that all of the covenants herein contained will be applicable to such Additional Parity Bonds.

(I) NO FREE SERVICES OR PREFERENTIAL RATES. The Authority will neither render nor cause to be rendered any free services of any nature by the Utility System, or any part thereof, nor will any preferential rates be established for users of the same class; in the event the City or the County or the Authority, or any department, agency, or instrumentality, or any officer or employee of any thereof, shall avail itself of the Facilities or services provided by the Utility System, or any part thereof, the same rates, fees, or charges applicable to other customers receiving like services under similar circumstances shall be charged to the City or

the County or the Authority and to any such department, agency, instrumentality, officer, or employee. Such charges shall be paid as they accrue, and the Authority shall transfer from its general funds sufficient sums to pay such charges as are for services rendered to the Authority. The moneys so received shall be deemed to be Gross Revenues derived from the operation of the Utility System, and shall be deposited and accounted for in the same manner as other Gross Revenues derived from the operation of the Utility System.

The foregoing paragraph shall not require the Authority to have the same rates for (a) different classes of users or (b) for users of the services and Facilities of the Utility System residing or located within different geographical areas or Facility Sub-areas, and the Authority may have different rates for (i) different classes of users or (ii) for users of the services and Facilities of the Utility System located in different Facility Sub-areas, in different geographical areas, or within and without the Service Area, as long as such rates comply with the foregoing paragraph, insofar as they relate to the users within (A) any class or (B) any particular Facility Sub-area or any geographical area or areas located within and without the Service Area. The foregoing provisions notwithstanding, the Authority shall set rates for customers of the Utility System residing within the Service Area in accordance with any applicable provisions of law.

(J) **ENFORCEMENT OF COLLECTIONS.** The Authority will diligently enforce and collect all fees, rentals, or other charges for the services and facilities of the Utility System and all parts thereof. The Board will establish written policies regarding the enforcement of collections of such fees, rentals, and other charges and will take all steps, actions and proceedings for the enforcement or collection of such fees, rentals or other charges to the full extent permitted or authorized by law, consistent with such reasonable policy. The Authority will, to the full extent permitted by law, establish written policies consistent with sound business judgment for the disconnection from the Utility System of any customer who fails to pay for services rendered by the Utility System, and shall enforce such policies diligently and fairly.

(K) **USE OF UTILITY SYSTEM.** The Authority will, to the full extent permitted by law, require all persons, lands, buildings, and structures located within the Service Area or which can use the Facilities and services of the Utility System to use the Facilities and services of the Utility System.

(L) **NO COMPETING FACILITIES; SEPARATE SYSTEMS; COMBINING SYSTEMS.** The Authority, to the extent permitted by law, will not grant any franchise, license, or permit, or cause or voluntarily agree to the granting of any franchise, license, or permit, for the construction or operation of any facilities which will be competitive with the services and facilities of the Utility System; provided, however, that this subsection shall not affect the vested rights of any persons, firms, or corporations now owning or operating such facilities; further provided that this provision shall not be deemed to require the Authority to provide service from the Utility System within the Service Area where to do so would be uneconomical.

Notwithstanding any other provisions of this Master Resolution to the contrary:

(1) the Authority shall be authorized to construct or acquire other non-competing utility systems providing products and services similar to those provided by the Utility System outside the Service Area, and none of the revenues derived from such other non-competing utility systems shall be deemed to be Gross Revenues of the Utility System pursuant to this Master Resolution; provided, however, that if the Authority shall furnish products and services from the Utility System to any other non-competing utility systems, which the Authority is hereby authorized to do, at rates comparable to the rates charged to other customers served by the Utility System, the Authority shall take all actions reasonably within its power to assure that the cost of products and services so supplied shall be deemed to be an operating expense of such other non-competing utility systems and an amount of the revenues derived by said other non-competing utility systems, which shall not be less than the cost of such products and services, net of operating expenses, shall be transferred from the revenues of said other non-competing utility systems and deposited in the Revenue Fund created and established by this Master Resolution, and shall be deemed to be Gross Revenues derived from the operation of the Utility System as fully and to the same extent as other Gross Revenues derived from the operation of the Utility System.

(2) the Authority is further authorized and empowered to combine into and consolidate with the Utility System any other water systems, sewer systems, or combined utility systems, whether located within or without the Service Area and whether acquired or constructed by the Authority, and after such combination and Initial Project, such systems shall thereafter be deemed to be part of the Utility System and subject to the provisions of this Master Resolution.

(M) **TAX COMPLIANCE.** The Authority covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code.

The Chair or the Executive Director, or any other officer having responsibility for the issuance of the Bonds of each Series, is authorized to execute a declaration of official intent with respect to the anticipated reimbursement to the Authority from the proceeds of Bonds of any Project Costs paid or incurred prior to the issuance of such Bonds in accordance with Regulations 1.150-2 under the Code.

The Chair or the Executive Director, or any other officer having responsibility for the issuance of the Bonds of each Series shall give an appropriate certificate of the Authority for inclusion in the transcript of proceedings for each Series, setting forth the reasonable expectations of the Authority regarding the amount and use of all the proceeds of the Bonds of such Series, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on such Series. Each such officer is further authorized to make or effect any election, selection, choice, consent, approval, or waiver on behalf of the Authority with respect to the Bonds as the Authority is permitted or required to make or give under the federal income tax laws, for the purposes of assuring, enhancing or protecting favorable tax treatment or characterization of the Bonds or interest thereon or assisting compliance with

requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties thereon, or making payments in lieu thereof, or obviating such amounts or payments, as determined by such officer. Any such action of such officer shall be in writing and signed by the officer.

The Authority covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes, and (b) will not take or permit to be taken any actions which would adversely affect that exclusion, and that it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield on investment property acquired with those proceeds, (iii) make timely rebate or penalty payments, if any, to the federal government, (iv) maintain proper books and records and make necessary calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Chair, the Executive Director and other appropriate officers are hereby authorized and directed to take any and all actions, make rebate or penalty payments, and make or give reports and certifications, as may be appropriate to assure such exclusion of that interest.

(N) CONTINUING DISCLOSURE. The Authority will execute and deliver to the underwriters of any Bonds of the Authority an undertaking to provide continuing disclosure with respect to such Bonds in accordance with the Rule.

(O) PAYMENT. The Authority will duly and punctually pay or cause to be paid from the Pledged Revenues the principal of, premium, if any, and interest on the Bonds and on any Subordinate Debt.

(P) GENERAL FUND SURCHARGE. The Authority may levy and collect the General Fund Surcharge at such level and in such amounts, not to exceed the amounts authorized by the Act, as shall be necessary to allow the Authority to accomplish the purposes for such General Fund Surcharge as set forth in the Act, and will deposit the proceeds of the General Fund Surcharge into the General Fund promptly upon receipt thereof; provided, that the Authority shall not be required to impose the General Fund Surcharge if (a) to do so would cause rates, fees or charges to be in violation of the provisions of the Act or (b) the Board determines that it has sufficient moneys, after the payment of Operating Expenses, Debt Service, and other costs and obligations of the Authority, to pay the initial costs and expenses associated with (i) acquiring additional Facilities (ii) or any other lawful purpose of the Authority; further provided, that the obligations of the Authority under this provision shall be deemed to be met if the Authority deposits annually into the General Fund an amount equal to two percent (2%) of the Gross Revenues for the current Fiscal Year.

(Q) APPLICATION OF COVENANTS FOR BENEFIT OF SUBORDINATE DEBT. The covenants contained in this Section 5.01 shall be deemed to be for the benefit of Subordinate Debt, subordinate only to the benefit thereof for Bonds and any Credit Facility Issuer.

SECTION 5.02. EVENTS OF DEFAULT. It shall be an event of default under this Master Resolution if the Authority shall:

(1) fail to deposit with the paying agents on the due date thereof sufficient funds to pay maturing principal of, Amortization Installments, if any, and interest on the Bonds or to pay any Subordinate Debt in accordance with its terms;

(2) fail to deposit or pay within ten (10) days after the due date thereof any other required deposit or payment under this Master Resolution pursuant to Section 3.03(C)(1) through (5) hereof; or

(3) fail to comply in any material respect with any other covenant made in this Master Resolution, if (a) such failure shall continue for more than thirty (30) days following notice of such failure to the Authority or (b) the Authority shall not (within thirty (30) days of receipt of such notice) have initiated steps to cure such default and thereafter have proceeded diligently to cure such default; provided, however, that the Credit Facility Issuer may waive any such defect if compliance shall be determined to be impossible of performance; or

(4) institute or have instituted against it any proceeding under the bankruptcy or insolvency laws of the United States or for the appointment of a receiver for its assets and business, or any similar proceeding for the benefit and protection of creditors.

The Authority will provide or cause to be provided immediate notice to the Credit Facility Issuer of any payment default and notice within thirty (30) days of any other event of default of which the Paying Agent shall have received notice.

SECTION 5.03. REMEDIES. The Registered Owners of not less than twenty-five per centum (25%) in principal amount of Bonds issued under the provisions of this Master Resolution, or any Credit Facility Issuer while the Bonds secured by it are Outstanding, or any trustee acting for such Registered Owners in the manner hereinafter provided, may, either at law or in equity, by suit, action, mandamus, or other proceedings, in any court of competent jurisdiction, protect and enforce any and all rights, available under the laws of the State of Florida. Any such Registered Owner or trustee may enforce and compel the performance of all duties required by this Master Resolution or by any applicable statutes to be performed either by the Authority or by any officer thereof, including the fixing, charging, and collecting of rates, fees or other charges for the services and Facilities of the Utility System.

The Registered Owners of not less than twenty-five per centum (25%) in aggregate principal amount of Bonds issued under this Master Resolution then Outstanding or any Credit Facility Issuer while the Bonds secured by it are Outstanding may, by a duly executed certificate in writing, appoint a trustee for Registered Owners of Bonds issued pursuant to this Master Resolution with authority to represent such Registered Owners in any legal proceedings for the enforcement and protection of the rights of such Registered Owners. Such certificate shall be executed by such Registered Owners or their duly authorized attorneys or representatives or any Credit Facility Issuer, and shall be filed in the office of the Secretary and with the Chair.

The authorized trustee or the Registered Owners of twenty-five per centum (25%) or more in aggregate principal of the Bonds then Outstanding may pursue any available right, remedy or power to enforce the payment of debt service on the Bonds and the observance and performance of any other covenant, agreement or obligation under this Master Resolution or any other instrument providing security, directly or indirectly, for the Bonds. Notwithstanding anything to the contrary herein, no Registered Owner or trustee or receiver shall have the right to declare the Bonds immediately due and payable.

No right, remedy or power conferred upon or reserved to the trustee or the Registered Owners under this Master Resolution is intended to be exclusive of any other available right, remedy or power, but each right, remedy or power shall be cumulative and concurrent and shall be in addition to every other right, remedy or power available hereunder or existing at law, in equity or by statute or otherwise now or hereafter.

No exercise, beginning of the exercise, or partial exercise by the trustee or the Registered Owners or the Credit Facility Issuer of any one or more rights, remedies or powers shall preclude the simultaneous or later exercise by the trustee or the Registered Owners or the Credit Facility Issuer of any other right, remedy or power. No delay or omission in the exercise of any right, remedy or power accruing upon any event of default under this Master Resolution shall impair that or any other right, remedy or power or shall be construed to constitute a waiver of such event of default under this Master Resolution, but every right, remedy or power may be exercised from time to time and as often as may be deemed to be necessary or desirable.

The holders of Subordinate Debt shall enjoy the same remedies, exercisable in the same fashion, as hereinbefore provided for the Bonds, subject and subordinate to the rights of Registered Owners of Bonds and any Credit Facility Issuer.

Anything in this Master Resolution to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, the Credit Facility Issuer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Registered Owners for the Bonds which it provides a Credit Facility, for the benefit of such Registered Owners under this Master Resolution.

ARTICLE VI MISCELLANEOUS PROVISIONS

SECTION 6.01. SALE OF BONDS. Bonds may be issued and sold at public sale, private placement, or negotiated sale at one time or in installments from time to time and at such price or prices consistent with the provisions of the Act and the laws of the State of Florida and the requirements of this Master Resolution. The Executive Director is authorized (a) to apply for a commitment for issuance of a Credit Facility and/or Reserve Account Credit Facility with respect to any Bonds proposed to be issued by the Authority, (b) to cause to be prepared a notice of sale or other advertisement for the sale of Bonds, and (c) to certify that any preliminary

Official Statement distributed on behalf of the Authority in connection with the offering for sale of any Bonds has been "deemed final" by the Authority for purposes of the Rule.

SECTION 6.02. NOTICES TO CREDIT FACILITY ISSUER; CREDIT FACILITY ISSUER DEEMED SOLE BONDOWNER AND A PARTY IN INTEREST. Whenever a Credit Facility Issuer shall be providing a Credit Facility with respect to any Bonds issued hereunder, such Credit Facility Issuer and any provider of a Reserve Account Credit Facility shall be entitled to receive and shall be provided by certified mail all notices and reports which are required herein to be prepared and to be sent or made available to Registered Owners of such Bonds and a full transcript of any proceedings relating to the execution of any supplemental resolution amending the provisions of this Resolution. Notwithstanding any other provisions of this Master Resolution to the contrary, the Credit Facility Issuer shall be deemed to be the sole Registered Owner of all Bonds insured by it or payable from amounts drawn under the Credit Facility provided by such Credit Facility Issuer for purposes of exercising rights, consents or remedies granted under this Master Resolution.

Any provision of this Master Resolution to the contrary notwithstanding, if under any provision hereof any action is to be taken only with the consent or approval of a Credit Facility Issuer, and if at the time such consent or approval would otherwise be called for, such Credit Facility Issuer is not in compliance with its payment obligations of or is contesting its obligations under its Credit Facility, then the rights of such Credit Facility Issuer to any consent or approval hereunder shall be suspended while any such noncompliance or contest is ongoing.

Except as expressly provided herein to the contrary, neither the Authority, the Bond Registrar, nor the paying agent shall take the Credit Facility into effect in determining whether the rights of Registered Owners are adversely affected by actions taken pursuant to the terms and provisions of this Master Resolution.

The Credit Facility Issuer shall be included as a party in interest and as a party entitled to (i) notify the Paying Agent, the Bond Registrar or any trustee or the Authority to intervene in judicial proceedings that affect the Bonds or the security therefor. The trustee, the Bond Registrar, the Paying Agent and the Authority shall be required to accept notice of default from the Credit Facility Issuer.

SECTION 6.03. NO RECOURSE. No recourse shall be had for the payment of the principal of, premium, if any, and interest on the Bonds, or for any claim based thereon or on this Master Resolution, against any present or former member or officer of the Board or any person executing the Bonds.

SECTION 6.04. DEFEASANCE. Notwithstanding the foregoing provisions of this Master Resolution, if, at any time, the Authority shall have paid, or shall have made provision for payment of, the principal, interest and redemption premiums, if any, with respect to any Bonds, then, and in that event, the pledge of and lien on the Pledged Revenues in favor of the Registered Owners of such Bonds shall be no longer in effect. For purposes of the preceding

sentence, deposit of noncallable Defeasance Obligations, the principal and interest on which will be sufficient, without reinvestment, in the opinion of an Independent Certified Public Accountant to make timely payment of the principal of, interest, and redemption premiums, if any, on such Outstanding Bonds designated to be defeased, and receipt of an opinion of Bond Counsel to the effect that such deposit has no adverse effect on the exclusion from gross income for federal income tax purposes of interest on the Bonds, in irrevocable trust with a banking institution or trust company, for the sole benefit of the Registered Owners of such Bonds, shall be considered "provision for payment." Nothing herein shall be deemed to require the Authority to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Authority in determining whether to exercise any such option for early redemption. Notwithstanding the foregoing, amounts paid by a Credit Facility Issuer shall not be deemed paid for the purposes of this Section 6.04 and shall remain due and owing hereunder until paid in accordance with this Master Resolution.

SECTION 6.05. MODIFICATION OR AMENDMENT. (A) Except as provided in paragraphs (B) and (C) below, no modification or amendment of this Master Resolution or of any resolution amendatory hereof may be made without the consent in writing of the Registered Owners of fifty-one percent (51%) or more in principal amount of the Bonds then Outstanding and affected by such modification or amendment. The consent of the holders of Subordinate Debt shall not be required except with respect to amendments modifying the obligation of the Authority to pay the principal of and interest on, or payments with respect to, such Subordinate Debt.

(B) The Authority, from time to time and at any time and without the consent or concurrence of any Registered Owners of any Bonds, may adopt a resolution amendatory hereof or supplemental hereto, if the provisions of such supplemental or amendatory resolution shall not adversely affect the rights of the Registered Owners of the Bonds then Outstanding, for any one or more of the following purposes:

(1) to make any changes or corrections in this Master Resolution which the Authority shall have been advised by legal counsel are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or omission or mistake or manifest error contained herein, or to insert in this Master Resolution such provisions clarifying matters or questions arising hereunder as are necessary or desirable;

(2) to add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds;

(3) to surrender any right, power or privilege reserved to or conferred upon the Authority by the terms hereof;

(4) to confirm by further assurance any lien, pledge or charge created or to be created by the provisions hereof;

(5) to grant to or confer upon the Registered Owners any additional right, remedies, powers, authority or security that lawfully may be granted to or conferred upon them;

(6) to assure compliance with the Code;

(7) to provide such changes which, in the opinion of the Authority, based upon such certificates and opinions of the Independent Consultant, Independent Certified Public Accountant, Bond Counsel, financial advisors or other appropriate advisors as the Authority may deem necessary or appropriate, will not materially adversely affect the security of the Registered Owners, including, but not limited to, such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of other types of obligations, including, but not limited to, Commercial Paper Obligations, bonds, notes, certificates, warrants or other evidences of indebtedness, which are Subordinate Debt; or

(8) to modify any of the provisions of this Master Resolution in any other respects, provided that such modification shall not be effective (a) with respect to the Bonds Outstanding at the time such amendatory or supplemental resolution is adopted or (b) shall not be effective (i) until the Bonds Outstanding at the time such amendatory or supplemental resolution is adopted shall cease to be Outstanding, or (ii) until the Registered Owners thereof consent thereto.

(C) The foregoing provisions of Sections 6.05(A) and (B) notwithstanding, (1) no consent of any Registered Owners of Bonds secured by a Credit Facility shall be required with respect to modification or amendment as to which modification or amendment the Credit Facility Issuer of such Bonds has provided its prior written consent, (2) except as otherwise provided in a Series Resolution, no modification or amendment not described in Section 6.05(B) above shall be effective without the prior written consent to such modification or amendment of the Credit Facility Issuer, and (3) no modification or amendment shall permit a change in the maturity of such Bonds, a reduction in the rate of interest thereon, a reduction in the amount of the principal obligation represented thereby or a reduction in the redemption premium required to be paid in connection with any optional redemption thereof; nor shall any modification or amendment either affect the unconditional promise of the Authority to pay the principal of and interest on the Bonds, as the same shall become due, from the Pledged Revenues, or reduce the percentage of Registered Owners of Bonds above required to consent to such material modifications or amendments, without the consent of the Registered Owners of all such Bonds.

A notice and a copy of any amendment or modification shall be sent to each of the Rating Agencies at least five (5) days prior to the execution or adoption thereof; provided that failure to send such notice shall not affect the validity of any such modification or amendment.

SECTION 6.06. VALIDATION. The Authority Attorney, in his discretion and with the advice of Bond Counsel, is directed and authorized to institute and prosecute to completion

proceedings for validation of Bonds of any Series pursuant to Chapter 75, Florida Statutes, including in the validation proceedings authorization of Bonds, creation of the Authority, validity and enforceability of the Transfer Agreement, and all other pertinent matters.

SECTION 6.07. MASTER RESOLUTION CAPTIONS AND HEADINGS. The captions and headings in this Master Resolution are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

SECTION 6.08. REPEALING CLAUSE. All resolutions of the Authority, or parts thereof, in conflict with the provisions of this Master Resolution, are to the extent of such conflict, hereby superseded and repealed.

SECTION 6.09. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Master Resolution should be held to be contrary to any express provision of law or to be contrary to the policy of express law, though not expressly prohibited, or to be against public policy, or should for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements, or provisions of, and in no way affect the validity of, all the other provisions of this Master Resolution or of the Bonds.

SECTION 6.10. EFFECTIVE DATE. This resolution shall take effect immediately upon the adoption hereof.

PASSED AND ADOPTED this 26th day of May, 2010.

**BOARD OF SUPERVISORS OF THE
TOHOPEKALIGA WATER AUTHORITY**

(SEAL)

Bruce Van Meter, Chairman

ATTEST:

John E. Moody, Secretary

EXHIBIT A

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF FLORIDA
TOHOPEKALIGA WATER AUTHORITY
UTILITY SYSTEM REVENUE [REFUNDING] BOND, SERIES [_____]

[FORM OF FIRST PARAGRAPH OF CURRENT INTEREST PAYING BOND]

RATE OF INTEREST MATURITY DATE DATE OF ISSUE CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

KNOW ALL MEN BY THESE PRESENTS, that the Tohopekaliga Water Authority (the "Authority"), for value received, hereby promises to pay to the Registered Owner designated above, or registered assigns, solely from the special funds hereinafter mentioned, on the Maturity Date specified above, the principal sum shown above, upon presentation and surrender hereof at the corporate trust office of _____, as Bond Registrar and Paying Agent, and to pay solely from such funds, interest thereon from the date of this Bond or from the most recent Interest Payment Date to which interest has been paid, whichever is applicable, at the rate per annum set forth above such interest to the maturity or prior redemption hereof being payable on _____, 20__, and thereafter on _____ 1 and _____ 1 of each year by check or draft mailed to the Registered Owner at his address as it appears, at 5:00 P.M. Eastern Time on the fifteenth day of the month preceding the applicable interest payment date, on the registration books of the Authority kept by the Bond Registrar; provided, that for any Registered Owner of One Million Dollars (\$1,000,000) or more in principal amount of Bonds, such payment shall, at the written request of such Registered Owner be by wire transfer or other medium acceptable to the Authority and to such Registered Owner. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

[FORM OF FIRST PARAGRAPH OF CAPITAL APPRECIATION BOND]

<u>APPROXIMATE</u> <u>YIELD</u>	<u>MATURITY</u> <u>DATE</u>	<u>DATE OF</u> <u>ISSUE</u>	PRINCIPAL AMOUNT AT ISSUANCE PER \$5,000 MATURITY <u>AMOUNT</u>	<u>CUSIP</u>
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REGISTERED OWNER:

MATURITY AMOUNT:

KNOW ALL MEN BY THESE PRESENTS, that the Tohopekaliga Water Authority (the "Authority"), for value received, hereby promises to pay to the Registered Owner designated above, or registered assigns, solely from the special funds hereinafter mentioned, on the Maturity Date specified above, the Maturity Amount shown above, upon presentation and surrender hereof at the corporate trust office of _____, as Bond Registrar and Paying Agent; provided, that for any Registered Owner of One Million Dollars (\$1,000,000) or more in principal amount of Bonds, such payment shall, at the written request of such Registered Owner, be by wire transfer or other medium acceptable to the Authority and to such Registered Owner. The Maturity Amount and premium, if any, of this Bond are payable in lawful money of the United States of America.

[FORM OF REMAINDER OF TEXT OF BONDS]

This Bond is one of an authorized issue of Bonds, originally issued in the aggregate principal amount of \$_____, of like date, tenor and effect, except as to number, interest rate, and date of maturity, issued to finance the acquisition and establishment of a utility system including a water system, and a wastewater system and the acquisition and construction of additions, extensions and improvements thereto, and all purposes incidental thereto, under the authority of and in full compliance with the Constitution and Statutes of the State of Florida, including particularly Chapter 189, Florida Statutes, Chapter 2003-368, Laws of Florida (2003), as amended, and other applicable provisions of law, and Resolution No. 2010-008 duly adopted by the Board of Supervisors (the "Board") of the Authority on the 26th day of May, 2010, which resolution amended and restated Resolution No. 03-005, as amended and supplemented, as supplemented by Resolution No. ____ of the Board, adopted on _____ (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution. Capitalized terms used herein shall have the meaning specified in the Resolution.

This Bond is payable solely from and secured by a lien upon and pledge of (a) the Net Revenues accruing to the Authority or otherwise derived from the operation of the Utility System, (b) certain System Development Charges, and (c) moneys on deposit in certain funds and accounts established pursuant to the Resolution (collectively, the "Pledged Revenues"), all as defined and provided in the Resolution. This Bond does not constitute a general obligation or indebtedness of the Authority, and it is expressly agreed by the Registered Owner of this Bond that such Registered Owner shall never have the right to require or compel the exercise of the ad valorem taxing power of the City of Kissimmee, Osceola County, or the State of Florida, or the taxation of any property therein, for the payment of the principal of and interest on this Bond or for the making of any sinking fund, reserve or other payments provided for in said Resolution.

It is further agreed between the Authority and the Registered Owner of this Bond, that this Bond and the obligation evidenced hereby shall not constitute a lien upon the Utility System or any part thereof, or on any other property of the Authority or in the Service Area, but shall constitute a lien only on the Pledged Revenues, in the manner provided in the Resolution.

The Authority has entered into certain covenants with the Registered Owners of the Bonds of this issue for the terms of which reference is made to the Resolution. In particular, the Authority has reserved the right to issue additional obligations payable from and secured by a lien upon and pledge of the Pledged Revenues on a parity with the Bonds of this issue and series, upon compliance with certain conditions set forth in the Resolution. The Authority has also reserved the right to defease the lien of the Bonds of this issue upon the Pledged Revenues upon making provision for payment of the Bonds as provided in the Resolution.

The Bonds maturing in the years ____ to ____ are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on _____ and thereafter are redeemable prior to maturity, at the option of the Authority, in inverse order of maturity, and by lot within maturity if less than a full maturity, from any moneys legally available therefor, at a redemption price, expressed as a percentage of the principal amount of the Bonds so redeemed, if redeemed during the following periods:

<u>Redemption Period</u> <u>(Both dates inclusive)</u>	<u>Redemption Price (%)</u>
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(INSERT TABLE)

The Bonds maturing in the year ____ are subject to mandatory redemption prior to maturity by lot at a redemption price of par plus accrued interest to the date of such redemption on _____ of each year in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
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(INSERT TABLE)

Notice of such redemption shall be given in the manner provided in the Resolution.

This Bond is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code-Investment Securities Laws of the State of Florida, and the Registered Owner and each successive Registered Owner of this Bond, shall be conclusively deemed by his acceptance hereof to have agreed that this Bond shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of this Bond, and of the issue of Bonds of which this Bond is one, does not violate any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

IN WITNESS WHEREOF, the Tohopekaliga Water Authority has issued this Bond and has caused the same to be executed by the Chair or Vice-Chair of the Authority, either manually or with his facsimile signature, and the corporate seal of the Authority or Board, or a facsimile thereof to be affixed hereto or imprinted or reproduced hereon, and the foregoing attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Authority, all as of the Date of Issue above.

(SEAL)

TOHOPEKALIGA WATER AUTHORITY

By: _____
Chair

ATTEST:

By: _____
Secretary

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within-mentioned Resolution.

[NAME]
As Bond Registrar

By _____
Authorized Signature

Date of Authentication:

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF GIF MIN ACT - _____	
TEN ENT -	as tenants by the entireties		(Cust.)
JT TEN -	as joint tenants with right of survivorship and not of tenants in common	Custodian for _____	(Minor)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____

(Please insert Social Security or other Identifying Number of Assignee)

the within Bond and does hereby irrevocably constitute and appoint the Bond Trustee as his agent to transfer the Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature guaranteed:

(Commercial Bank, Trust Company or
Member of a National Securities Exchange

NOTICE: The signature to this assignment correspond with the name of the registered owner as it appears on the face of the within Bond in ever particular, without alteration or enlargement or any change whatever.

(Authorized Officer

STATEMENT OF INSURANCE
[INSERT STATEMENT OF INSURANCE, IF ANY]